GROWING GLOBAL

2007 ANNUAL REPORT

TRICAN

WELL SERVICE LTD.

CORPORATE PROFILE

Trican is a multinational provider of a comprehensive array of specialized products, equipment and services used during the exploration and development of oil and gas reserves.

Since its initial public offering in December 1996, Trican has invested over $1 billion expanding its operating fleet and capabilities and making strategic acquisitions. As a result of its aggressive expansion program, Trican has evolved from a regional supplier of cementing services to one of the world's largest pressure pumping companies.

Headquartered in Calgary, Alberta, Canada, Trican provides services to customers in Canada, Russia, Kazakhstan, the United States and Algeria.

Through its operating divisions, Trican competes in the major sectors of the oilfield pressure pumping industry, which include coiled tubing, fracturing, nitrogen pumping, cementing and acidizing services. Trican's shares trade on The Toronto Stock Exchange under the symbol "TCW".

Notice of Annual Meeting

Trican is pleased to invite its shareholders and other interested parties to the Company's Annual Meeting at 2:00 p.m. on May 7, 2008, in the Metropolitan Centre, 333-4th Avenue S.W. Calgary, Alberta.

WITH THE EMERGENCE OF OUR OPERATIONS IN RUSSIA AND THE UNITED STATES, TRICAN IS TRULY "GROWING GLOBAL"

2007 HIGHLIGHTS

Q1

- Trican completed the acquisition of Liberty, a provider of fracturing stimulation services principally in the Barnett Shale play of north-central Texas. This acquisition provided Trican with a strong platform from which to expand into the U.S. pressure pumping market. Liberty operated five fracturing crews from bases in Springtown and Longview, Texas.
- Results for the quarter reflect the continued growth of our Russian operations combined with the acquisition of Liberty. These positive developments were partially offset by lower demand for our services in Canada.
- The Company was awarded a new three-year contract by Yuganskneftegaz, a subsidiary of Rosneft, for the provision of hydraulic fracturing services in the Priobskoye oilfield in the Khanty-Mansiysk region of Western Siberia. This contract, which is estimated to be worth approximately $U.S. 210 to $U.S. 250 million in revenue over its life, is an important milestone for the Company and further establishes a strategic relationship on which to base future growth.
- The Company acquired all of the shares of CBM Solutions Ltd. Headquartered in Calgary, Alberta, CBM Solutions specializes in the provision of geological and engineering services for unconventional gas wells, including gas content analysis, reservoir characterization and consulting services for coalbed methane and shale gas wells.

Q2

- Another record breaking quarter for our Russian operations and the inclusion of the first full quarter results from our acquisition of Liberty more than offset the continued reduction of activity in Canada compared to the prior year.
- Demand for services during our first full quarter of operations in the United States was strong; however, heavy rains experienced in June reduced activity levels and operating results.
- The Company was awarded a multi-year contract to provide coiled tubing services in the Krasnyorsk region of Siberia. The three-year contract, which was awarded by JSC Vankorneft, a Rosneft company, is expected to generate approximately $U.S. 45.0 million of revenue over the life of the contract. The project, which is expected to commence early in 2008, will be the Company's first project in the Eastern Siberia Basin.
- The Company was awarded a contract with First Calgary Petroleums Ltd. to provide coiled tubing, nitrogen and acidizing services in Algeria. This project represents Trican's first operations in Africa.

Q3

- Revenue for the quarter fell from the same period last year as record revenue from Russian operations and a strong contribution from United States operations were not able to entirely offset the decline in Canadian activity.
- A tenth fracturing crew and a sixth twin-cementer transferred from Canadian to Russian operations combined with strong demand for services generated revenue and job records.
- Two deep coiled tubing units that were added to broaden our service offering and expand work with a key customer were not operational in the quarter due to delays related to unit registration.
- United States operations for September were impacted by a shortage of high quality fracturing proppant. This shortage forced the cancellation of jobs and increased the cost of sand purchased.

Q4

- Results for the quarter reflect increased equipment capacity and strong demand for services in Russia, expansion into the United States, offset by a sharp reduction in demand for our services in Canada compared to the prior year.
- A shortage of high quality fracturing proppant continued to impact Unites States operations in the fourth quarter forcing the cancellation of jobs and increasing the cost of sand purchased.
- The Company opened its third operating base in Searcy, Arkansas where a sixth fracturing crew was added to support demand from the Company's existing customer base.
- The Company performed its first pumping operation in Hassi Messaoud, Algeria on October 3, 2007 and is encouraged by the potential to provide additional services to this active market.

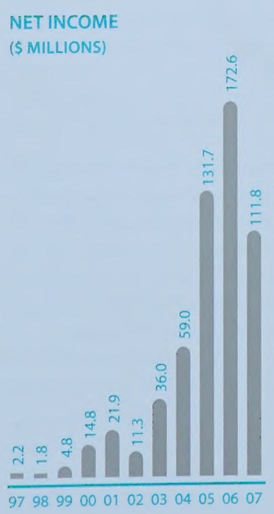
2007 HIGHLIGHTS

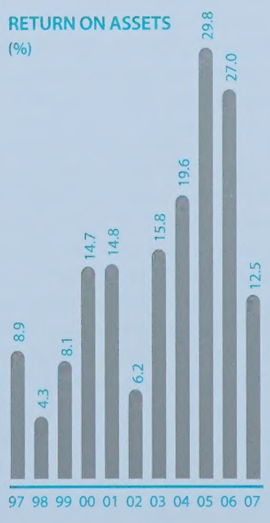
Financial Summary ($ thousands, except per share amounts and operational information)

	2007	2006	Change	% Change
Revenue	836,373	847,472	(11,099)	-1%
Net income	111,817	172,563	(60,746)	-35%
Earnings per share:				
Basic	$ 0.93	$ 1.50	$ (0.57)	-38%
Diluted	$ 0.91	$ 1.44	$ (0.53)	-37%
Funds provided by operations	131,755	226,520	(94,765)	-42%
Capital expenditures	160,178	130,130	30,048	23%
Long-term debt (excluding current portion)	188,810	–	188,810	
Shareholders' equity	683,669	539,768	143,901	27%
Average shares outstanding (Basic)	120,724	114,846	5,878	5%
Average shares outstanding (Diluted)	123,493	119,572	3,921	3%
Shares outstanding at year end	122,450	115,198	7,252	6%

Operational Information (unaudited)

	2007	2006	Change	% Change
Well Service				
Number of jobs completed	22,521	26,178	(3,657)	-14%
Revenue per job	$ 35,481	$ 30,679	$ 4,802	16%
Production Services				
Number of jobs completed	3,087	3,112	(25)	-1%
Revenue per job	$ 9,846	$ 10,960	$ (1,114)	-10%
Number of hours	9,369	11,947	(2,578)	-22%

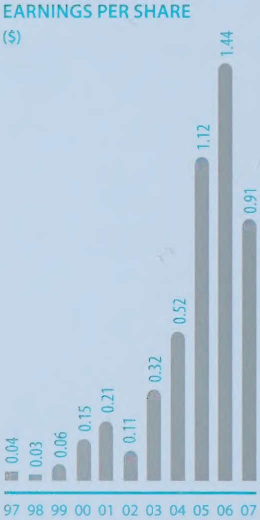




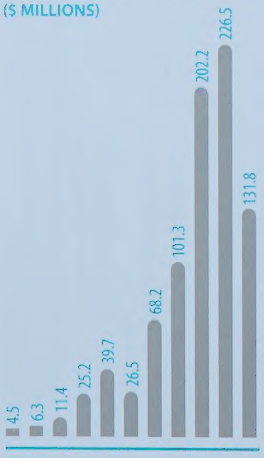
PRESIDENT'S MESSAGE

MURRAY L. COBBE
PRESIDENT AND CHIEF EXECUTIVE OFFICER

EARNINGS PER SHARE
($)



FUNDS FROM OPERATIONS
($ MILLIONS)



On behalf of the employees and Board of Directors of Trican Well Service Ltd., I am very pleased to report on the financial and operational results for our Company. Our 2007 results reflect Trican's growth as an international and geographically-diversified company as our Russian and American operations offset a challenging market in Canada.

Growing Global

Over the last number of years we have reported on Trican's financial and operational growth. In our early years, this growth was concentrated in Canada, where in the span of 10 years we grew from a small regional provider of cementing services into the largest multi-service pressure pumper in western Canada.

Since 2002 we have reported on the growth of our operations in Russia as we expanded our operations to service a growing pressure pumping industry in this emerging and strategic market. Fracturing services drove our initial growth as our customers looked to work over a large number of existing wells. This has proven to be a successful activity for both our customers and Trican, as fracturing and other remediation treatments successfully reversed years of production declines.

Trican's approach of providing leading-edge, cost-effective technologies with an emphasis on operational excellence has been well received by our customers and has enabled us to become one of the largest pressure pumping companies in Russia. Between 2002 and 2007 our operations recorded annual sales growth in excess of 175 per cent. We have expanded into new operational areas and have begun to broaden the range of services available to our customers.

While much of our growth has been organic, we have also engaged in select strategic acquisitions. We completed the acquisition of Liberty Pressure Pumping Services LP, a provider of fracturing services in the Barnett Shale play of north-central Texas at the end of the first quarter of 2007. Liberty was a young company that shared our vision of providing a high level of customer service with an emphasis on operational excellence. Since completing the acquisition, we have grown these operations by adding equipment and opening new bases.

With the emergence of our operations in these other major pressure pumping markets Trican is truly "growing global." Expanding our operations outside of Canada provides Trican with a greater ability to withstand downturns in any one market. Ours is a cyclical business and 2007 certainly demonstrated the value of having operations in more than one key market.

2007 in Review

Canadian Operations

After several years of strong drilling activity in Canada, 2007 was a year when activity fell as producers reduced drilling activity in light of low natural gas prices and a weakening U.S. dollar. Higher than normal natural gas inventory levels continued to hold down natural gas prices at the same time as a weakening U.S. dollar compressed margins for Canadian producers.

As activity levels declined, equipment utilization fell and pricing became more competitive, reducing sales levels and operating margins. Trican and other pressure pumping companies scaled back Canadian operations by moving equipment into markets where demand for equipment was stronger.

The financial results for our Canadian operations reflect these challenging conditions. Revenue fell by 28 per cent with the number of jobs falling by 18 per cent as the average number of active drilling rigs fell by 33 per cent and revenue per job decreased by 12 per cent. 2007 was a year of right-sizing our operations given the decreased level of activity. However we do believe there is a good market in Canada and we will continue to manage our operations to best serve this market.

Russian Operations

2007 marked another year of strong growth in Russia. Sales were up 34 per cent from 2006; revenue per job and the number of jobs completed increased by 2 per cent and 32 per cent, respectively. Growth in 2007 was supported by expanded equipment capacity, new services and growth in our operational areas. We were successful in establishing operations in the Volga Urals Basin from our operations base in Perm. This basin is a more mature production area than our other operational areas with a number of potential candidates that will benefit from new stimulation technologies.

2007 also saw Trican make a major investment in expanding our service offerings in Russia. Under the largest capital expenditure program to date for our Russian operations, we added coiled tubing and nitrogen services and expanded and updated our cement pumping fleet. These expanded services will allow us to continue to meet our customers' demands as they continue to develop their reserves.

American Operations

The Liberty acquisition marked our entry into the U.S. market and it was a busy year. Since closing the transaction we have added 66,000 hhp of fracturing equipment, opened one new operations base and increased our employee count by 32 per cent. Operations went well though late in the year we were hampered by a shortage of fracturing sand that limited our ability to service our customers. Supply chain challenges are not unusual in times of very high activity and we are continuing to work on a variety of solutions.

Algerian Operations

We commenced operations on this contract late in the year and are progressing well. This is our first entry into the North African service market and we look forward to reporting to you on our progress in future reports.

Outlook

Russia

Demand for our services in Russia looks positive with continued growth expected in 2008. In 2007, we expanded our geographic reach and established operations in the Volga Urals Basin through our base in Perm. 2008 will see us continue to expand our area of operations as we commence operations in the Eastern Siberian Basin with the start up of the Vankor project. We will also expand our existing operations reach in the Western Siberian Basin by establishing a new operations base in Gubkinsky, in the Purpay region. This new base will be north of existing operations in Nizhnevartovsk and provide support for the Vankor project and will also provide the company with access to the northern gas fields which are expected to become a growing pressure pumping market in the future.

We expect that Russia will continue to be a price competitive, well serviced market, however with our expanded operations reach and growth of existing and new services introduced in 2007, our Russian operations will continue to provide a strong growth platform for Trican.

Canada

Demand for our services fell significantly in 2007 relative to 2006 as our customers struggled with lower North American natural gas prices, a strong Canadian dollar and unfavourable royalty changes introduced by the Government of Alberta. Most industry watchers expect that activity levels in 2008 will fall below 2007 levels as our customers continue to struggle with reduced economic returns from these reservoirs. However there are some early indications that natural gas withdrawals during the winter heating season and reduced LNG imports may reduce North American gas inventory levels which could support improved near term natural gas prices. Should this occur, activity levels late in the year could improve over current expectations.

United States

At present, Trican's American operations continue to struggle to secure sufficient volumes of fracturing sand to support ongoing operations. Traditional fracturing sand suppliers have been unable to keep pace with the overall growth in activity and the increase in the size of fracturing jobs that has led to higher volumes of sand being required. As a result, since late in the third quarter of 2007, the Company has been unable to secure sufficient volumes of sand to support ongoing operations. We have been working with existing and alternate sand suppliers to secure stable supplies but as yet have not been able to secure sufficient volumes to meet demand for our services on an consistent basis. We are working to alleviate this supply shortage, however, until we are able to do so our fracturing operations will continue to underperform relative to our operating capacity and demand for service.

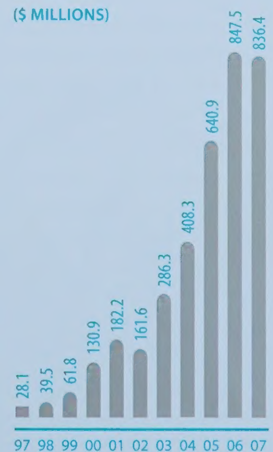
During 2008 we will expand our operations in this market by introducing cementing services and expand our geographic reach by opening additional operations bases.

Demand for services is still strong, however an increase in fracturing capacity in recent years has created additional competition which has led to some pricing pressure. Industry watchers have indicated that with the continued development of unconventional gas reserves, and the related increased demand for fracturing services, this additional capacity should be taken up and prices are expected to stabilize during 2008.

On behalf of the Board of Directors,

MURRAY L. COBBE
PRESIDENT AND CHIEF EXECUTIVE OFFICER
FEBRUARY 27, 2008

REVENUE
($ MILLIONS)



OPERATIONS OVERVIEW

Trican provides a comprehensive array of specialized products, equipment and services that are used during the exploration and development of oil and gas reserves.

Headquartered in Calgary, Alberta, Canada, Trican has operations in Canada, Russia, Kazakhstan, the United States and North Africa. The Canadian operations provide services to customers across the entire Western Canadian Sedimentary Basin (WCSB). Trican conducts its Russian operations through bases in the Tyumen region of Western Siberia, the west Urals and Kyzylorda, Kazakhstan. Trican's U.S. operations are run through bases situated in the Barnett Shale in Texas and the Fayetteville Shale in Arkansas. Trican's North African operations were established late in the year as a result of securing a contract to provide coiled tubing, nitrogen and acidizing services in Algeria.

Canadian Operations

In Canada, the Company operates two divisions catering to the major sectors of the oilfield pressure pumping services industry. The Well Service Division includes: cementing; fracturing, including coalbed methane (CBM) services; deep coiled tubing, nitrogen and geological services. The Production Services Division includes: acidizing; intermediate depth coiled tubing and industrial services. These services are offered to customers from operations bases located across the WCSB.

A description of these services can be found at the end of the operations overview.

Services offered through Trican's Well Service Division are heavily used during the drilling and completion of oil and gas wells and demand for these services is proportional to the number of wells drilled.

Drilling activity in 2007 was off sharply as natural gas inventory levels remained at five-year highs throughout much of the year reducing near-term natural gas prices. At the same time a weakening U.S. dollar further compressed margins for Canadian producers as the Canadian dollar appreciated on average over 6% relative to 2006. This negative outlook for natural gas prices reduced producers' exploitation plans and reduced drilling demand.

The average Nymex natural gas price for 2007 was $U.S. 7.12 per Mmbtu or 1.8% higher than 2006. Prices did not improve enough to increase annual activity levels, which peaked in 2005 when prices averaged $U.S. 9.00 per Mmbtu. Oil prices continued to perform well relative to last year as the average spot price of West Texas Intermediate, an international benchmark for crude oil, increased 9% in 2007 to $U.S. 72.28 per barrel from $U.S. 66.05 in 2006.

The average number of active drilling rigs in Canada was the lowest level since 2002 falling 33% to 339[1] from the 502[1] wells drilled in 2006. Natural gas directed drilling was impacted most severely as a result of producers' concerns over natural gas prices. Deep gas oriented drilling experienced the greatest declines as natural gas price uncertainty had producers reducing drilling plans.

As a result of decreased drilling activity, Canadian revenue decreased $182 million or 28% relative to 2006 reflecting the 33% decrease in the average number of active drilling rigs during the year. The decrease affected all of the Company's service lines, however fracturing and cementing were impacted the most. Increased pricing pressure also negatively affected revenue as more competition increased price competitiveness and discounts.

Growth in our Russian operations and recently established North African operations provided opportunities to transfer underutilized assets from Canada. A total of three cement units, four coiled tubing units and three nitrogen units as well as one fracturing crew were transferred during the year to support customer demand for the Company's services in these areas.

The capital budget for 2007 totaled $26.5 million with much of the expenditures directed toward replacing transferred equipment and maintaining the Canadian operating fleet. The 2008 approved capital budget is $14.6 million and will be directed toward expanding our Industrial Services group as well as maintaining the Canadian operating fleet and infrastructure.

Based on lower expected drilling activity levels in 2008, a further eight cement units, three deep coiled tubing units, seven nitrogen units and one acidizing unit will be transferred to broaden and enhance service offerings in our other geographic locations.

Despite recent equipment transfers, Canada represents an important area for the Company and we will retain our presence in this market. The key to the Canadian market place is right-sizing operations to fit near-term demand.

[1] Canadian Association of Oilwell Drilling Contractors ("CAODC")

Number of Units at End of Year (Canada)

	2004	2005	2006	2007[C]	2008[D]
Fracturing Crews[A]					
Conventional	12	15	18	18	18
CBM[B]	2	4	4	4	4
Cement Pumpers	45	50	57	54	46
Deep Coiled Tubing Units	12	16	22	18	15
Shallow Coiled Tubing Units	11	8	8	8	8
Nitrogen Pumpers	16	22	32	28	21
Acidizing Units	10	12	12	12	11

Notes:
A a fracturing crew is made up of several pieces of specialized equipment
B comprises principally high-rate nitrogen pumping units; these units pump at higher rates and pressures than the pumpers used in our other areas of business
C operational or in the final stages of construction
D expected equipment capacity at year end based on approved budgets, which are subject to change

Russian Operations

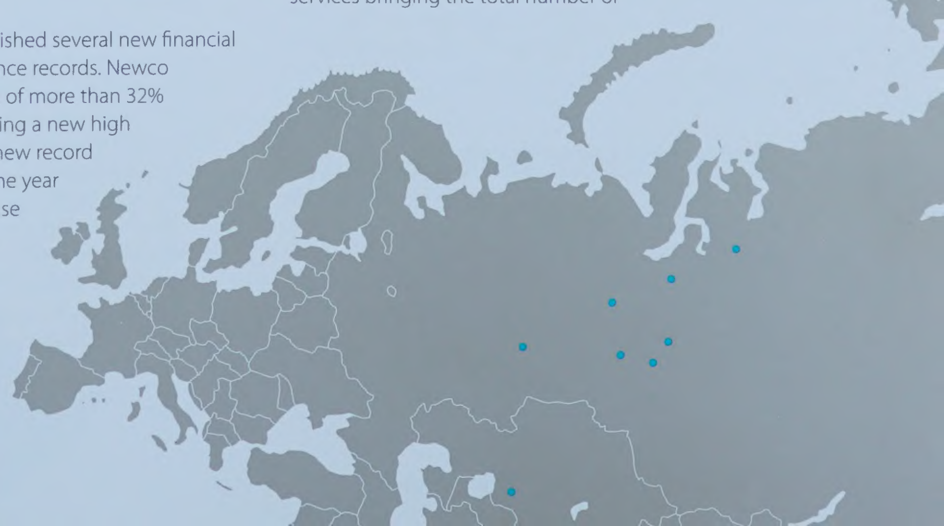
Trican operates in Russia under the name Newco Well Services LLC (Newco). Newco commenced operations in Russia in mid-2000 providing cementing and later fracturing services to a variety of customers in the Tyumen region of western Siberia. Newco's operations are centered in Raduzhny, however in recent years the operational reach of the Company has been expanded with new bases in Nyagan and Nefteyugansk. In 2007, another location was added in Perm located in the west Urals. Perm is an older oil basin with a large pool of potential stimulation candidates that will benefit from new stimulation technology. Sustained high oil prices have supported increased drilling activity benefiting both fracturing and coiled tubing service lines. Late in 2007 a number of pilot fracturing jobs were completed for a key customer in the Gubkinksy area which is in the northern part of the Western Siberian Basin. Based on the results of this pilot project, a $U.S. 30 million contract was signed and a new operations base will be established in 2008 to support fracturing and cementing work in this area.

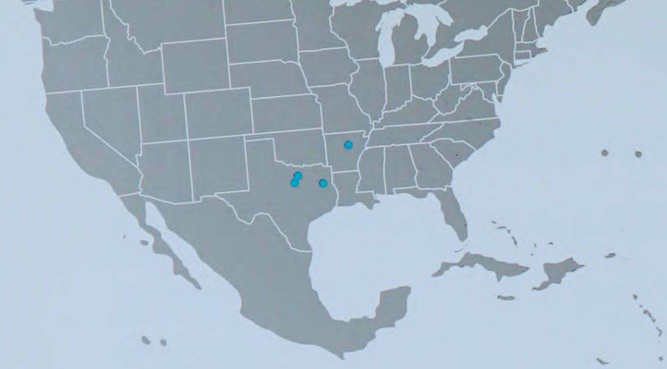
The Company also continues to maintain a fleet of fracturing equipment in the Kyzylorda region of Kazakhstan to service customers in this area.

In 2007, Russian operations established several new financial and operational annual performance records. Newco completed 2,046 jobs, an increase of more than 32% relative to the prior year, establishing a new high for activity and contributing to a new record for annual revenue. Revenue for the year topped $257 million, a 34% increase over the previous year's high as a result of increased activity and a 2% increase in revenue per job.

A key factor in the Company's record performance and growth is the strength of our Russian personnel and their ability to consistently execute on well-designed stimulation programs. By attracting high quality personnel and continually upgrading our equipment, support infrastructure and proprietary technologies, the Company is well positioned to build strong working relationships with our Russian customers.

Demand for fracturing services continued to grow this past year and Newco expanded its equipment fleet to meet this growing need. For 2007, the Board of Directors approved a record $U.S. 83 million capital budget for Trican's Russian operations. This amount consisted of $U.S. 64.4 million of new spending and approximately $U.S. 18.6 million of transferred units from Canada. Trican used this additional investment to expand and enhance its existing fracturing and cementing service capabilities and broaden its service offering by adding deep coiled tubing and nitrogen services. During the year, two new fracturing crews were added along with upgraded support equipment to improve operational efficiencies. A third fracturing crew was transferred from Canada late in the year to further support strong demand for the Company's services bringing the total number of





crews operating to 11 by year's end. The Company also added three twin cement units that were transferred from Canada doubling our cementing capacity in Russia. Cementing activity has benefited Newco in recent years as producers gain an appreciation for new cement technology and efficient job execution. Russia contributed over 30% of Trican's Well Service Division revenue in 2007 and continues to be an exciting growth opportunity for the Company.

2008 is expected to see the continued growth in the Company's service capabilities, with the addition of three new cement units combined with the replacement of two older units using transferred cement units from Canada. Two additional deep coiled tubing units and two new nitrogen pumpers combined with two transferred nitrogen units from Canada will also be added bringing the total operating to five deep coiled tubing units and eight nitrogen units. A new base of operations will be established during the first quarter 2008 in Gubkinsky to support contracts awarded in this area and the Company's eastern Siberian initiative on Rosneft's Vankor project. This base will also provide the Company with access to the northern gas fields in the Western Siberian Basin which are expected to become a growing pressure pumping market in the future.

From its inception through to the end of 2007, Trican has invested more than $130 million in new equipment and facilities to support its growing Russian operations.

United States Operations

On March 8, 2007, Trican acquired Liberty Pressure Pumping LP (Liberty), a pressure pumping services provider in Texas. Headquartered in Denton, Texas, Liberty provides fracturing stimulation services principally in the active Barnett Shale play of north central and east Texas from bases in Longview and Springtown. When Trican acquired Liberty, it was operating five fracturing crews and had one additional crew under construction. During the year the Board approved a $U.S. 92.4 million capital budget to build four additional fracturing crews and to provide funds for additional support equipment and facilities. Liberty opened a third base of operations during the fourth quarter of 2007 in Searcy, Arkansas. This base services the Fayetteville Shale reservoir and is serviced by the sixth fracturing crew. The remaining equipment build is expected to be operational during the first quarter of 2008. Once the 2007 capital build program is complete, Trican will operate 186,000 hp in its U.S. operations.

The Barnett Shale and the Fayetteville Shale had significant increases in rig counts relative to 2006. With the influx of rigs into these areas, demand for our services was strong. Results from our U.S. operations reflected this strong demand until the end of the third quarter when a shortage of high quality fracturing proppant forced the cancellation of jobs and increased the cost of sand purchased. These shortages continued through the fourth quarter increasingly impacting operations and financial results. Management continues to work to secure stable supplies of sand.

The capital budget for 2008 is $56.6 million for new assets and an additional $15.3 million of assets will be transferred from Canadian operations. The Company will begin cementing and nitrogen services to broaden its service offering and support customer requests for these services.

North African Operations

Trican commenced operations in Algeria in October 2007 under a contract to provide coiled tubing, nitrogen and acidizing services. The 2008 capital budget for these operations is $1.5 million for new assets; an additional $9.5 million of assets will be transferred from Canadian operations. Subject to contract awards, the Company will expand its service offerings from its operating base in Hassi Messaoud. This project represents Trican's first operation in Africa and the Company is excited about the potential for our services in this new market.

Number of Units at End of Year (Russia)

	2004	2005	2006	2007[A]	2008[B]
Fracturing Crews – Conventional	4	6	8	11	11
Cement Pumpers	3	3	3	6	9
Deep Coiled Tubing	–	–	–	3	5
Nitrogen Pumpers	–	–	–	4	8
Acidizing Units	–	–	–	–	1

Notes:
A operational or in the final stages of construction
B expected equipment capacity at year end based on approved budgets, which are subject to change

Number of Units at End of Year (U.S.)

	2007[A]	2008[B]
Fracturing Crews – Conventional	10	12
Cement Pumpers	–	4
Nitrogen Pumpers	–	4

Notes:
A operational or in the final stages of construction
B expected equipment capacity at year end based on approved budgets, which are subject to change

Number of Units at End of Year (North Africa)

	2007[A]	2008[B]
Cement Pumpers	–	2
Deep Coil Tubing Units	1	2
Nitrogen Pumpers	1	2
Acidizing Units	–	1

Notes:
A operational or in the final stages of construction
B expected equipment capacity at year end based on approved budgets, which are subject to change

Work Environment

Trican is committed to maintaining a safe working environment for its employees, customers and the public at large. To this end, the Company has implemented safety and training programs that are designed to improve its performance and continue to raise awareness of the importance of safety in operations. Our people work in challenging conditions under potentially dangerous circumstances, and working safely is a key objective for our Company. Having a well-trained work force has been a critical element of our success and will be a key contributor to our future success. To support these objectives, the Company invested over 54,000 man hours training employees in both technical and safety related courses during 2007.

Technology

Trican operates under a research and development philosophy in which we partner with inventors, suppliers and customers on developing new technologies focused on the problems that our clients face in each of our geographical areas. We understand the local problems encountered by our clients in each area, we hire the best people in each area to solve these problems, and we develop solutions that are specific to our clients' needs. Not only has this philosophy allowed Trican to pursue the high technology segment of the pumping services market, it has also helped us grow to be the largest provider of pumping services in Canada and the largest fracturing company in Russia.

Some of the technologies that were introduced into our geographic regions in 2007 are:

CANADA:

Gel-Pac-Frac: This product allows a number of fracturing treatments to be placed in a well with coiled tubing. This patent pending method relies on a stiff gel to isolate the fracturing treatments from each other and is particularly applicable for placing several fracturing treatments in horizontal wells. This technique was implemented in the very active Bakken play in Western Canada in 2007 and will be transferred to other deeper horizontal fracturing plays such as the Montney in 2008.

Navigator Coiled Tubing Tool: There has been an increase in the number of multilateral wells drilled in western Canada over the last number of years. The Navigator tool is run on the end of coiled tubing and allows the coil to enter all of the various legs in the well. This tool was successfully commercialized in 2007.

Downhole Gas Separator on Coiled Tubing: In 2007, Trican successfully commercialized our patent pending downhole gas separator in Canada. Many wells in western Canada have low pressures which require Trican to run nitrogen with our treatment fluids to help lift these fluids out of the well. The nitrogen, however, often adversely affects the performance of the many tools that we run on the bottom of coiled tubing. The downhole separator was designed to solve this problem for our clients by allowing us to separate nitrogen from fluid at the bottom of the coil and greatly improve tool performance. In 2008, Trican will be licensing this technology for other uses in the oil and gas industry.

Nitrocarbon™ Fracturing System: In 2007, Trican successfully commercialized a new patent pending fracturing fluid that consists of a stabilized mixture of nitrogen and hydrocarbons. This new fluid is significantly better and more cost effective when compared with the older nitrogen hydrocarbon foams. In western Canada, many wells have low bottom hole pressures and are sensitive to water. This new fluid will economically improve production from these wells.

RUSSIA:

Multiple Zone Fracturing Tools: In 2007, Trican fully commercialized our Selective Packer System that allows our customers in Russia to fracture multiple zones in a wellbore. This technology both eliminates many workover days between fracs for our clients and improves the utilization of Trican equipment.

Acidizing: Trican performed a number of successful acid jobs in Russia in 2007 using a newly designed acid system. This acid system eliminates sludge created when acid interacts with oil and greatly improves well productivity. The technology has allowed Trican to expand its acid business in Russia.

Dustless Cementing Equipment: In 2007, Trican introduced new cementing pumpers that employ a low pressure, dustless, computer-controlled mixing system. This technology allows Trican to mix cement at the exact specifications required and offers a substantial improvement in quality control when mixing cement. Trican has gained a competitive edge in the growing cementing business in Russia as a result of this new technology.

New Frac Fluid Breaker: Our clients in Russia have a continuous desire to improve production on their wells by pumping clean, non-damaging fracturing fluids. In 2007, Trican introduced a new breaker for our fracturing fluids which breaks the fluid to a higher level and improves oil production from our clients' wells.

Clean Sweep Fracs: Trican introduced Clean Sweep Fracturing in 2007. Clean Sweep Fracturing fluids consist of a nitrogen-fluid system that improves both fluid recovery from the well and oil production.

UNITED STATES:

Trican entered the U.S. market in 2007 and has initiated research projects that are specific to the problems that our clients face in this geographic region. The projects that we are focused on are:

Re-usable Fracturing Fluids: Water is a significant issue in the North Texas Barnett Shale area. Trican has developed a product that will be commercialized in 2008 that will allow us to re-use water flowed from previously fractured wells. This will save our clients significant dollars and will be beneficial for the environment in this region.

Floating Sand: In 2008, Trican will be commercializing our patented Floating Sand product in the Barnett Shale. This product allows us to float any type of proppant in water without having viscosity in the water. Our research indicates that this technology is very applicable for improving production from shale gas wells.

TriNet: In 2008, Trican will be introducing our integrated business process system into our U.S. operations. With this system, job data can be captured on location and flowed directly and immediately to the client electronically after completion of the jobs. As a result, our clients will have quicker access to their data to evaluate the success of their well treatments.

CBM SOLUTIONS:

Trican believes that production from unconventional resources will be a significant part of North American gas production in the future. In March of 2007, Trican purchased CBM Solutions, a high technology provider of geological services on coalbed methane and shale gas wells that operates in Canada and the U.S. The personnel at CBM Solutions are some of the best in the world at providing our clients with analysis of their unconventional rock. This expertise will allow Trican to develop products that will assist our clients in fully exploiting and achieving maximum production from their coalbed methane and shale gas reservoirs.

Description Of Services

Well Service Division

Coiled Tubing Services: Coiled tubing is jointless steel pipe manufactured in lengths of thousands of metres and coiled on a large reel. The tubing is run into oil or gas wells to create a circulating system, and is then used to fracture the well, or to introduce acids, nitrogen or other products into the well for purposes such as removing unwanted fluids or solids. The use of coiled tubing allows the well to be worked on while it is still flowing oil and gas.

Fracturing Services: Fracturing is a well stimulation process performed to improve production. Fluid is pumped at sufficiently high pressure to fracture the formation. A proppant is added to the fluid and injected into the fracture to prop it open, permitting hydrocarbons to flow more freely into the wellbore.

Cementing Services: Cementing is most commonly used when drilling a well but may also be required during the producing life of a well. Primary cementing treatments are employed during the drilling phase of an oil or gas well to support the production casing within the wellbore and to isolate producing zones. Remedial cementing services are used to repair casing or eliminate communication leaks between producing zones during a well's operating life.

Nitrogen Services: Nitrogen is an inert gas that is pumped into the wellbore to improve the safe recovery of introduced or produced fluid while reducing potential formation damage. Trican's nitrogen services are applied in conjunction with its coiled tubing, acidizing and fracturing services.

Coalbed Methane Fracturing Services: CBM fracturing involves pumping nitrogen gas into underground coal zones at very high rates. This nitrogen gas creates fractures in the coal which allows natural gas to flow back into the well. Trican uses specialized high-rate pumpers to pump the nitrogen into the coal formations.

Geological Services: Geological services specialize in the provision of geological and engineering services for unconventional gas wells, including gas content analysis, reservoir characterization and consulting services for coalbed methane and shale gas wells. This service was added in the year upon acquisition of CBM Solutions.

Production Services Division

Coiled Tubing Services: As described above, however the coiled tubing services offered by this division focus on wells less than 1,500 metres in depth.

Acidizing Services: Acidizing is a well stimulation process that involves pumping large volumes of specially formulated chemical blends into producing oil or gas formations to clean out unwanted materials or to dissolve portions of the producing formation in order to enhance the well's production rate.

Industrial Services: Offers engineered solutions and services to oil sands, heavy oil, refinery, petrochemical, gas process, power generation, mining and pipeline facilities. Specialty services include mechanical and chemical descaling and passivating of process facilities, pipelines and storage tanks. Engineered services also include nitrogen displacement of pipelines and process facilities, nitrogen cooling and warming of process reactors, and pressure testing and leak detection of pipelines and process facilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial condition and results of operations of the Company has been prepared taking into consideration information available to February 27, 2008 and should be read in conjunction with the consolidated financial statements and accompanying notes contained in this annual report. The consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP).

Overview

Headquartered in Calgary, Alberta, Canada, Trican is a multinational provider of a comprehensive array of specialized products, equipment and services used during the exploration and development of oil and gas reserves. Trican services customers in Canada, Russia, Kazakhstan, the United States and Algeria. These countries have some of the world's most active pressure pumping markets. For geographic reporting purposes, Kazakhstan and Algeria are incorporated within Russian operations.

Financial Review **($ millions, except per share amounts)**

		Three months ended December 31,			Years ended December 31,		
		2007 (unaudited)	2006 (unaudited)	2005 (unaudited)	**2007**	2006	2005
Revenue		**$ 195.8**	$ 208.3	$ 207.5	**$ 836.4**	$ 847.5	$ 640.9
Operating income *		**34.2**	61.3	83.0	**195.1**	284.2	225.2
Net income before stock-based compensation *		**21.4**	37.9	52.3	**124.5**	183.6	136.9
Net income before stock-based compensation per share **	(basic)	**$ 0.18**	$ 0.33	$ 0.46	**$ 1.03**	$ 1.60	$ 1.21
	(diluted)	**$ 0.17**	$ 0.32	$ 0.44	**$ 1.01**	$ 1.55	$ 1.16
Net income		**18.2**	35.3	50.5	**111.8**	172.6	131.7
Net income per share **	(basic)	**$ 0.15**	$ 0.31	$ 0.45	**$ 0.93**	$ 1.50	$ 1.17
	(diluted)	**$ 0.15**	$ 0.30	$ 0.42	**$ 0.91**	$ 1.44	$ 1.12
Funds provided by operations*		**41.8**	63.5	88.9	**131.8**	226.5	202.2

Note: * Trican makes reference to operating income, net income before stock-based compensation expense and funds from operations. These are measures that are not recognized under Canadian Generally Accepted Accounting Principles (GAAP). Management believes that, in addition to net income, operating income, net income before stock-based compensation expense, net income before stock-based compensation expense per share and funds from operations are useful supplemental measures. Operating income provides investors with an indication of earnings before depreciation, taxes and interest. Net income before stock-based compensation expense provides investors with information on net income excluding the non-cash affect of stock-based compensation expense. Funds provided by operations provides investors with an indication of cash available for capital commitments, debt repayments and other expenditures. Investors should be cautioned that operating income, net income before stock-based compensation expense, and funds from operations should not be construed as an alternative to net income, net income per share or net cash provided by operations determined in accordance with GAAP as an indicator of Trican's performance. Trican's method of calculating operating income, net income before stock-based compensation expense and funds from operations may differ from that of other companies and accordingly may not be comparable to measures used by other companies.

** Comparative amounts have been restated to reflect the effect of the May 2006 two-for-one stock split.

Fourth Quarter Highlights

Results for the quarter ended December 31, 2007 reflect increased equipment capacity and strong demand for services in Russia, expansion into the United States, offset by a sharp reduction in demand for our services in Canada.

Demand for our services in Russia continues to be strong. Additional equipment capacity was added to support a broadening customer base and expanded service offering. Fourth quarter Russian results reflect the onset of winter conditions, the completion of some of our customers' 2007 work programs and higher head count and infrastructure costs required to support the 2008 business plan. Demand for services in our areas of operations within the United States remains strong, however a shortage of high quality fracturing proppant, as first reported in our third quarter results, forced the cancellation of jobs and increased the cost of sand purchased. Although demand remains strong, an influx of pressure pumping equipment into the Barnett Shale area has led to an increasingly competitive pricing environment as pressure pumping companies compete to maximize fleet utilization. Activity in Canada was hampered by bearish North American natural gas prices, a strong Canadian dollar, excess equipment capacity and unfavorable royalty changes introduced by the Government of Alberta on certain oil and gas production.

Trican's consolidated revenue decreased marginally compared to the same period in 2006 as the contribution from our Russian operations and expansion into the United States pressure pumping market did not fully offset the marked decline in sales from our Canadian operations. Net income for the period of $18.2 million decreased from $35.3 million recorded in the fourth quarter of 2006. Similarly, the Company recorded net income per share, excluding the impact of stock-based compensation, of $0.18 ($0.17 diluted) versus $0.33 ($0.32 diluted) for the comparable period in 2006. Funds from operations of $41.8 million for the quarter decreased from $63.5 million for the comparable period in 2006 primarily as a result of lower earnings.

Comparative Quarterly Income Statements ($ thousands, unaudited)

Three months ended December 31,	2007	% of Revenue	2006	% of Revenue	Quarter-Over-Quarter Change	% Change
Revenue	**195,794**	**100.0%**	208,329	100.0%	(12,535)	-6%
Expenses						
Materials and operating	**151,595**	**77.4%**	137,870	66.2%	13,725	10%
General and administrative	**10,036**	**5.1%**	9,147	4.4%	889	10%
Operating income*	**34,163**	**17.4%**	61,312	29.4%	(27,149)	(44%)
Interest expense	**2,764**	**1.4%**	71	0.0%	2,693	3793%
Depreciation and amortization	**17,801**	**9.1%**	9,848	4.7%	7,953	81%
Foreign exchange gain	**(1,352)**	**(0.7%)**	(853)	(0.4%)	(499)	58%
Other (income) / expense	**55**	**0.0%**	(1,079)	(0.5%)	1,134	(105%)
Income before income taxes and non-controlling interest	**14,895**	**7.6%**	53,325	25.6%	(38,430)	(72%)
Provision for income taxes	**(3,287)**	**(1.7%)**	17,758	8.5%	(21,045)	(119%)
Income before non-controlling interest	**18,182**	**9.3%**	35,567	17.1%	(17,385)	(49%)
Non-controlling interest	**28**	**0.0%**	240	0.1%	(212)	(88%)
Net Income	**18,154**	**9.3%**	35,327	17.0%	(17,173)	(49%)

Note: * see comment regarding operating income located on page 12 of the Management's Discussion and Analysis

The Company operates three divisions: Well Service, Production Services and Corporate. The Well Service Division provides deep coiled tubing; nitrogen; fracturing, including coalbed methane fracturing; cementing services; and geological services. The Production Services Division provides acidizing, intermediate depth coiled tubing, and industrial services.

Well Service Division – Overview ($ thousands, unaudited)

Three months ended,	Dec. 31, 2007	% of Revenue	Dec. 31, 2006	% of Revenue	Sept. 30, 2007	% of Revenue
Revenue	**184,416**		196,938		216,861	
Expenses						
Materials and operating	**142,712**	**77.4%**	128,646	65.3%	147,779	68.1%
General and administrative	**1,215**	**0.7%**	525	0.3%	855	0.4%
Total expenses	**143,927**	**78.0%**	129,171	65.6%	148,634	68.5%
Operating income*	**40,489**	**22.0%**	67,767	34.4%	68,227	31.5%
Number of jobs	**5,834**		6,290		6,069	
Revenue per job	**31,942**		31,562		36,035	

Note: * see comment regarding operating income located on page 12 of the Management's Discussion and Analysis

Current Quarter versus Q4 2006

Revenue for the quarter ended December 31, 2007 for the Well Service Division decreased 6% to $184.4 million. Growth in Russia and expansion into the United States did not fully offset the decline in Canada. Well Service Division revenue made up 94% of revenue in the quarter, down slightly from 95% in the prior year.

Changing geographic sales mix reflects our significant investment in foreign operations and our continued focus on diversification outside of our traditional Canadian market. Our Russian operations accounted for 34% of the revenue for this division in the quarter, an increase from 29% last year, reflecting the increased scope of operations and strong demand for services. Correspondingly, Canadian revenue fell to 54% of total revenue from 71% last year as a result of a sharp decline in activity compared with last year. Our United States operations accounted for the remaining 12%.

Fracturing services revenue, including coalbed methane fracturing, increased to 69% of total Well Service revenue compared to 67% for the previous year. This increase is the result of our expansion into the United States as well as continued growth of our fracturing operations in Russia. Cementing services contributed 19% of the total sales of the Well Service Division, compared to 22% in 2006. Coiled tubing accounted for 7% and nitrogen contributed 4% of total Well Service revenue versus 6% and 5% respectively in 2006. Geological services revenue made up the remaining 1% in the current year.

Current Quarter versus Q3 2007

Revenue from the Well Service Division was down from the third quarter in Canada, Russia and the United States.

Well Service - Canadian Operations ($ thousands, unaudited)

Three months ended,	Dec. 31, 2007	% of Revenue	Dec. 31, 2006	% of Revenue	Sept. 30, 2007	% of Revenue
Revenue	**99,550**		139,035		107,914	
Expenses						
Materials and operating	**72,846**	**73.2%**	86,453	62.2%	74,208	68.8%
General and administrative	**357**	**0.4%**	375	0.3%	369	0.3%
Total expenses	**73,203**	**73.5%**	86,828	62.5%	74,577	69.1%
Operating income*	**26,347**	**26.5%**	52,207	37.5%	33,337	30.9%
Number of jobs	**5,139**		5,883		5,230	
Revenue per job	**19,654**		23,896		20,763	

Note: * see comment regarding operating income located on page 12 of the Management's Discussion and Analysis

Current Quarter versus Q4 2006

Revenue in the Well Service Division from our Canadian operations decreased 28% to $99.6 million from the previous year due to an increasingly competitive pricing environment and a reduction in drilling activity. According to the CAODC, the average number of active drilling rigs in the quarter decreased almost 28% to 342 from 471 for the same period in 2006.

The Company had a 13% reduction in job count from fourth quarter of 2006. Revenue per job in Canada was down 18% to $19,654 from the previous year. Discounts were up significantly compared to the fourth quarter of 2006 with the majority of the increases occurring in the last four months of 2007.

Materials and operating expenses for the quarter increased to 73.2% compared to 62.2% for the same period in 2006 as a result of lower activity levels, an increase in lower margin project activity and increased pricing pressure brought on by lower levels of activity. General and administrative costs remained relatively unchanged on a year-over-year basis.

Current Quarter versus Q3 2007

Revenue decreased 8% from the third quarter to $99.6 million. Activity was down due to normal seasonal slow downs and the completion of coalbed methane programs midway through the quarter. The reduction in revenue per job from the previous quarter was due to a sharp increase in sales discounts commencing toward the end of the third quarter. The reduction in revenue from the third quarter of 2007 led to lost operational leverage on our fixed cost structure which reduced operating margins.

Well Service – Russian Operations **($ thousands, unaudited)**

Three months ended,	Dec. 31, 2007	% of Revenue	Dec. 31, 2006	% of Revenue	Sept. 30, 2007	% of Revenue
Revenue	**63,085**		57,903		70,655	
Expenses						
Materials and operating	**52,902**	**83.9%**	42,193	72.9%	53,099	75.2%
General and administrative	**746**	**1.2%**	150	0.3%	251	0.4%
Total expenses	**53,648**	**85.0%**	42,343	73.1%	53,350	75.5%
Operating income*	**9,437**	**15.0%**	15,560	26.9%	17,305	24.5%
Number of jobs	**492**		407		560	
Revenue per job	**129,205**		142,368		128,238	

Note: * see comment regarding operating income located on page 12 of the Management's Discussion and Analysis

Current Quarter versus Q4 2006

Revenue for the quarter from Russian operations increased to $63.1 million. Revenue improved as a result of increased fracturing and cementing equipment as well as the addition of coiled tubing and nitrogen services compared to the previous year. This additional equipment capacity was added to support higher levels of demand for services, a broadening customer base and expanded operational reach. Revenue per job decreased 9% mainly as a result of a changing service line mix. Fracturing, which has the highest revenue per job, represented 90% of total Russian revenues for the quarter with cementing accounting for 4% and coiled tubing accounting for 6%, compared to 97%, 3% and nil respectively for the same period last year.

Materials and operating expenses for the quarter increased as a percentage of revenue to 83.9%, compared to 72.9% for the same period in 2006. The increase was due to increased staffing levels associated with the addition of our eleventh fracturing crew, coiled tubing equipment and additional cementing capacity. This additional equipment capacity will focus on 2008 customer work programs. The majority of work in Russia is performed under contracts which generally coincide with the calendar year. General and administrative expenses increased due to increased professional fees and business taxes.

Current Quarter versus Q3 2007

Revenue for the quarter decreased compared with our record third quarter due to a slow down primarily in our Nefteyugansk operations. Activity was down in November due to delays in the preparation of wells by the rig companies as they transitioned to cold weather operations. Work programs were also impacted by delays arising from customers requesting additional budget allocations for 2007 work programs.

Materials and operating expense remained consistent in dollar terms. Variable costs reduced consistently with revenue but were offset by increased staffing costs associated with increased equipment capacity focused on 2008 customer work programs. General and administrative costs increased in the quarter due to increased professional fees and business taxes.

Well Service – United States Operations ($ thousands, unaudited)

Three months ended,	Dec. 31, 2007	% of Revenue	Sept. 30, 2007	% of Revenue
Revenue	**21,781**		38,292	
Expenses				
Materials and operating	**16,964**	**77.9%**	20,472	53.5%
General and administrative	**112**	**0.5%**	235	0.6%
Total expenses	**17,076**	**78.4%**	20,707	54.1%
Operating income*	**4,705**	**21.6%**	17,585	45.9%
Number of jobs	**203**		279	
Revenue per job	**107,293**		137,248	

Note: * see comment regarding operating income located on page 12 of the Management's Discussion and Analysis

Current Quarter versus Q3 2007

Revenue from the Company's United States operations fell sharply compared to the previous quarter. Job count for the quarter was significantly impacted by a shortage of high quality fracturing proppant. This shortage forced the cancellation of jobs and increased the cost of sand purchased.

Revenue per job fell 22% from the previous quarter, of which 6% can be attributed to a weakening United States dollar. The remaining reduction can be attributed to a changing customer mix and an increasingly competitive pricing environment due to the influx of pressure pumping equipment into our areas of operations.

Materials and operating expenses increased to 77.9% from 53.5% in the previous quarter. Our fixed cost structure was sufficient to support double the amount of work performed in the quarter, however sand shortages resulted in reduced activity. Pricing pressure and the increased cost of sand also contracted margins in the quarter. General and administrative costs remained relatively unchanged compared to the previous quarter.

Production Services Division ($ thousands, unaudited)

Three months ended,	Dec. 31, 2007	% of Revenue	Dec. 31, 2006	% of Revenue	Sept. 30, 2007	% of Revenue
Revenue	**11,378**		11,391		11,808	
Expenses						
Materials and operating	**8,394**	**73.8%**	8,862	77.8%	8,297	70.3%
General and administrative	**42**	**0.4%**	52	0.5%	49	0.4%
Total expenses	**8,436**	**74.1%**	8,914	78.3%	8,346	70.7%
Operating income*	**2,942**	**25.9%**	2,477	21.7%	3,462	29.3%
Number of jobs	**856**		798		943	
Revenue per job	**9,624**		10,598		9,120	
Number of hours	**1,689**		2,159		1,567	

Note: * see comment regarding operating income located on page 12 of the Management's Discussion and Analysis

The Production Services Division includes intermediate depth coiled tubing services, acidizing services and industrial services

Current Quarter versus Q4 2006

Revenue was consistent with the same quarter last year at $11.4 million. An increase in acidizing and industrial services activity was offset by a reduction in shallow coiled tubing activity. Revenue per job was down 9% as a result of a greater proportion of acidizing work and an increasingly competitive pricing environment for industrial services work.

Materials and operating expenses decreased as a percentage of revenue to 73.8% compared to 77.8% for the same period of 2006. Reduced activity levels in shallow coiled tubing led to a reduction in staffing levels, and third party charges for industrial services decreased due to changes in the type of industrial services work performed. General and administrative expenses remained relatively unchanged on a quarter-over-quarter basis.

Current Quarter versus Q3 2007

Revenue was down slightly from the third quarter due to seasonal slow down of facilities cleaning which impacted our industrial services offering. Scheduled maintenance of facilities occurs in the second and third quarters when weather is more accommodating.

Materials and operating expense compared to the sequential quarter was relatively consistent in dollar terms.

Corporate Division ($ thousands, unaudited)

Three months ended,	Dec. 31, 2007	% of Revenue	Dec. 31, 2006	% of Revenue	Sept. 30, 2007	% of Revenue
Expenses						
Materials and operating	**489**	**0.2%**	363	0.2%	474	0.2%
General and administrative	**8,779**	**4.5%**	8,569	4.1%	8,091	3.5%
Total expenses	**9,268**	**4.7%**	8,932	4.3%	8,565	3.7%
Operating loss*	**(9,268)**		(8,932)		(8,565)	

Note: * see comment regarding operating income located on page 12 of the Management's Discussion and Analysis

Current Quarter versus Q4 2006

Corporate Division expenses consist mainly of general and administrative expenses. Overall, corporate expenses increased 4% to $9.3 million from $8.9 million on a quarter-over-quarter basis. Higher stock-based compensation and staffing costs accounted for $1.4 million of the increase, and public company costs and professional fees accounted for $0.7 million of the increase. Partially offsetting the increases were a reduction in the mark-to-market valuation of deferred share units and the impact of a reduction in the provision for doubtful accounts.

Current Quarter versus Q3 2007

On a sequential basis, corporate expenses have increased $0.7 million of which $0.5 million relates to a recovery of bad debt expense which occurred in the third quarter but did not repeat in the fourth quarter. The remainder of the increase relates to increased professional fees.

Other Expenses and Income

Interest expense increased to $2.8 million for the quarter from $0.1 million for the comparable prior period. This was a result of debt issued to finance acquisitions and capital expenditures undertaken by the Company in the year.

Depreciation and amortization increased to $17.8 million for the quarter compared to $9.8 million for the same period in 2006 as a result of the acquisition of Liberty, as well as the continued investment in equipment and operations facilities, most of which occurred in Russia and the United States.

Foreign exchange gains increased slightly to $1.4 million in the quarter from $0.9 million for the comparable prior period as a result of U.S. dollar and Russian ruble currency fluctuations relative to the Canadian dollar.

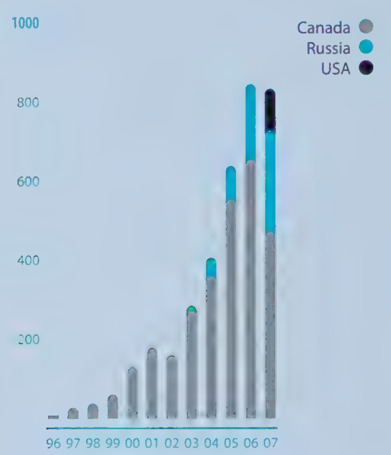
Other income decreased from $1.1 million in the fourth quarter of 2006 to a $0.1 million expense for the same period in the current year as lower cash balances in the year resulted in lower interest income.

Income Taxes

Trican had an income tax recovery of $3.3 million in the quarter versus an expense of $17.8 million for the comparable period of 2006. The reduction can be attributed to lower earnings, a $6.8 million future tax rate reduction resulting from the Federal government's announcement of reductions to future corporate income tax rates which were substantively enacted in the fourth quarter, as well as a higher proportion of income from our Russian operations which have lower corporate tax rates.

Geographical Revenue Breakdown

($ MILLIONS)



Highlights For 2007

Trican's financial and operational performance for 2007 reflects record revenue in Russia, expansion into the United States pressure pumping market via our acquisition of Liberty, and a marked decline in demand for our services in Canada.

The Company recorded revenue of $836.4 million in the year, only 1% lower than last year's record $847.5 million. Net income was $111.8 million decreasing from the Company's record net income of $172.6 million achieved the previous year. Similarly, diluted earnings per share fell to $0.91 from $1.44 in 2006. Funds from operations of $131.8 million for the year decreased from $226.5 million one year earlier.

Revenue from our Russian operations benefited from expanded operational reach, expanded service offerings, and additional operating capacity in existing service offerings, combined with strong demand for services. Margin percentages were negatively impacted in Russia by staffing of equipment added in the latter part of the year to support 2008 expansion plans. As noted in previous quarters, volume discounts to a key customer have also contracted margins.

The Company expanded into the United States via our acquisition of Liberty, a Texas-based fracturing company. Liberty's area of operations, the Barnett Shale and the Fayetteville shale, have seen a significant increase in rig counts over the last year. With the influx of drilling rigs into these areas, demand for our services has been strong. Results from our United States operations reflected this strong demand until the end of the third quarter when operations were impacted by a shortage of high quality fracturing proppant. This shortage forced the cancellation of jobs and increased the cost of sand purchased which resulted in lost operational leverage on our fixed cost structure and margin contraction. Management continues to work to secure stable supplies of sand.

After leveling off in 2006, the average number of active drilling rigs in Canada fell by 33% in 2007 to 339 versus 502 in 2006[1], with natural gas directed drilling impacted most severely. This marked reduction in activity in Canada led to excess equipment capacity in the Western Canadian Sedimentary Basin which resulted in an increasingly competitive pricing environment compared to the previous year. The Company has taken steps to reduce the impact of the decrease in activity including equipment transfers to other operations and reduction of the Company's fixed cost structure.

[1] CAODC

Comparative Annual Income Statements ($ thousands)

Years ended December 31,	2007	% of Revenue	2006	% of Revenue	Year-Over-Year Change	% Change
Revenue	836,373	100.0%	847,472	100.0%	(11,099)	(1%)
Expenses						
Materials and operating	602,919	72.1%	531,875	62.8%	71,044	13%
General and administrative	38,363	4.6%	31,405	3.7%	6,958	22%
Operating income*	195,091	23.3%	284,192	33.5%	(89,101)	(31%)
Interest expense	8,596	1.0%	736	0.1%	7,860	1068%
Depreciation and amortization	62,707	7.5%	34,798	4.1%	27,909	80%
Foreign exchange gain	(20,512)	(2.5%)	(2,027)	(0.2%)	(18,485)	912%
Other income	(1,356)	(0.2%)	(2,321)	(0.3%)	965	(42%)
Income before income taxes and non-controlling interest	145,656	17.4%	253,006	29.9%	(107,350)	(42%)
Provision for income taxes	31,183	3.7%	79,633	9.4%	(48,450)	(61%)
Income before non-controlling interest	114,473	13.7%	173,373	20.5%	(58,900)	(34%)
Non-controlling interest	2,656	0.3%	810	0.1%	1,846	228%
Net income	111,817	13.4%	172,563	20.4%	(60,746)	(35%)

Note: * see comment regarding operating income located on page 12 of the Management's Discussion and Analysis

Well Service Division – Overview ($ thousands)

Years ended December 31,	2007	% of Revenue	2006	% of Revenue	Year-Over-Year Change
Revenue	792,109		797,517		(1%)
Expenses					
Materials and operating	567,016	71.6%	495,558	62.1%	14%
General and administrative	3,474	0.4%	1,493	0.2%	133%
Total expenses	570,490	72.0%	497,051	62.3%	15%
Operating income*	221,619	28.0%	300,466	37.7%	(26%)
Number of jobs	22,521		26,178		(14%)
Revenue per job	35,481		30,679		16%

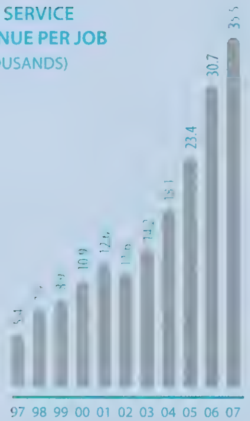
Note: * see comment regarding operating income located on page 12 of the Management's Discussion and Analysis

Annual Statistics

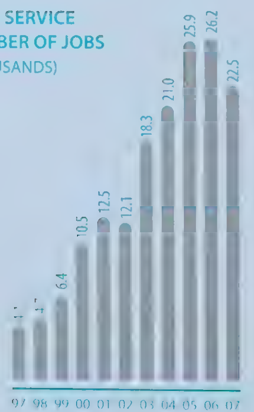
SALES MIX
WELL SERVICE
(%)

●	Fracturing	71.9%
●	Cementing	18.2%
●	Coiled Tubing - Deep	5.8%
●	Nitrogen	3.4%
●	Geological	0.7%

WELL SERVICE
REVENUE PER JOB
($ THOUSANDS)



WELL SERVICE
NUMBER OF JOBS
(THOUSANDS)



Well Service Division

Revenue for the year ended December 31, 2007 for the Well Service Division was down slightly to $792.1 million from $797.5 million. Well Service Division revenue made up 95% of total revenue in the year, up from 94% last year.

Geographically, our Russian operations accounted for 32% of the revenue for this division during the year, an increase from 24% last year, reflecting the increased scope of operations and strong demand for services. Correspondingly, Canadian revenue fell to 54% of total revenue from 76% last year as a result of a sharp decline in activity in the year. Our expansion into the United States accounted for the remaining 13% of revenue.

Fracturing services revenue, which includes coalbed methane fracturing, increased to 72% of total Well Service revenue compared to 63% for the prior year. This marked increase is the result of our expansion into the United States as well as continued growth of our Russian operations. We successfully expanded our service offering in Russia from an almost exclusive focus on fracturing to one that now includes expanded cementing operations and the introduction of coiled tubing and nitrogen services. Cementing services contributed 18% of the total sales of the Well Service Division, compared to 26% in 2006. Coiled tubing accounted for 6% and nitrogen contributed 3% of total Well Service revenue versus 6% and 5% respectively in 2006. Geological services revenue made up the remaining 1% in the year.

Well Service – Canadian Operations ($ thousands)

Years ended December 31,	2007	% of Revenue	2006	% of Revenue	Year-Over-Year Change
Revenue	**429,847**		605,725		(29%)
Expenses					
Materials and operating	**308,582**	**71.8%**	355,903	58.8%	(13%)
General and administrative	**1,474**	**0.3%**	1,243	0.2%	19%
Total expenses	**310,056**	**72.1%**	357,146	59.0%	(13%)
Operating income*	**119,791**	**27.9%**	248,579	41.0%	(52%)
Number of jobs	**19,681**		24,626		(20%)
Revenue per job	**22,087**		24,822		(11%)

Note: * see comment regarding operating income located on page 12 of the Management's Discussion and Analysis

Revenue from the Well Service Division's Canadian operations decreased 29% to $429.8 million from a record $605.7 million the previous year. The significant reduction in wells drilled has resulted in excess equipment capacity in the Western Canadian Sedimentary Basin which has led to an increasingly competitive pricing environment.

The Company had a 20% reduction in job count from a record year in 2006. According to the CAODC, active drilling rigs went down 33% over the same period. Revenue per job in Canada was down 11% to $22,087 from the annual record achieved in 2006. Discounts increased significantly year-over-year with the majority of the increases occurring in the last four months of the year.

Materials and operating expenses for the year increased to 71.8% compared to 58.8% for the same period in 2006 as a result of lower utilization levels reducing operational leverage, an increase in lower margin project activity and pricing pressure brought on by lower levels of activity. General and administrative costs remained relatively unchanged on a year-over-year basis.

Well Service – Russian Operations ($ thousands)

Years ended December 31,	2007	% of Revenue	2006	% of Revenue	Year-Over-Year Change
Revenue	**256,628**		191,792		34%
Expenses					
Materials and operating	**199,150**	**77.6%**	139,655	72.8%	43%
General and administrative	**1,483**	**0.6%**	250	0.1%	493%
Total expenses	**200,633**	**78.2%**	139,905	72.9%	43%
Operating income*	**55,995**	**21.8%**	51,887	27.1%	8%
Number of jobs	**2,046**		1,552		32%
Revenue per job	**126,467**		123,611		2%

Note: * see comment regarding operating income located on page 12 of the Management's Discussion and Analysis

Revenue from our Russian operations increased 34% year-over-year to a record $256.6 million as a result of expanded operational reach, expanded service offerings, and additional operating capacity in existing service offerings, combined with strong demand for services.

The Company's Russian job count of 2,046 surpassed last year's record 1,552 by 32%. During the year, additional fracturing and cementing capacity were added. The Company also introduced coiled tubing and nitrogen services to broaden its existing service offerings. Revenue per job also set a new record increasing slightly to $126,467. This increase is the result of a trend towards larger fracturing job sizes and improved pricing on cement jobs.

Materials and operating expenses for the year increased as a percentage of revenue to 77.6% from 72.8% in the previous year. The increase was primarily due to an increase in the fourth quarter as staffing levels increased in preparation of our eleventh fracturing crew, coiled tubing and nitrogen equipment and additional cementing capacity. This additional equipment capacity will focus on 2008 customer work programs. General and administrative expenses have increased as a result of increased staffing costs and professional fees.

Well Service – United States Operations ($ thousands)

Year ended December 31,	2007	% of Revenue
Revenue	105,634	
Expenses		
Materials and operating	59,284	56.1%
General and administrative	517	0.5%
Total expenses	59,801	56.6%
Operating income*	45,833	43.4%
Number of jobs	794	
Revenue per job	133,040	

Note: * see comment regarding operating income located on page 12 of the Management's Discussion and Analysis

Revenue from our United States operations for the period since the March 8 acquisition of Liberty totaled $105.6 million. A total of 794 jobs were completed with average revenue per job of $133,040.

Production Services Division ($ thousands)

Years ended December 31,	2007	% of Revenue	2006	% of Revenue	Year-Over-Year Change
Revenue	44,264		49,955		(11%)
Expenses					
Materials and operating	33,488	75.7%	34,563	69.2%	(3%)
General and administrative	206	0.5%	385	0.8%	(46%)
Total expenses	33,694	76.1%	34,948	70.0%	(4%)
Operating income*	10,570	23.9%	15,007	30.0%	(30%)
Number of jobs	3,087		3,112		(1%)
Revenue per job	9,846		10,960		(10%)
Number of hours	9,369		11,947		(22%)

Note: * see comment regarding operating income located on page 12 of the Management's Discussion and Analysis

Production Services Division

Revenue from the Production Services Division decreased by 11% on a year-over-year basis as a result of a reduction in shallow coiled tubing activity and an increase in pricing pressure, most notably on industrial services work as competitors attempt to increase market share.

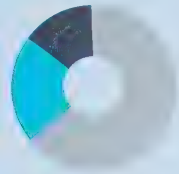
Revenue per job was down 10% due to pricing pressure on industrial services work, offset partially by an increase in the proportion of industrial services work, as this service line has historically higher revenue per job than acidizing.

Job count remained relatively unchanged as an increase in industrial services job count was offset by fewer acidizing jobs, however demand for shallow coiled tubing decreased from the previous year.

Materials and operating expenses increased as a percentage of revenue to 75.7% compared to 69.2% of revenue for 2006, as a result of margin contraction resulting from industry-wide pricing pressure offset partially by a reduction in third party charges. General and administrative expenses remained relatively unchanged on a year-over-year basis.

Annual Statistics

SALES MIX
PRODUCTION SERVICES
(%)



Acidizing	64.8%
Industrial Services	21.4%
Coiled Tubing - Intermediate	14.3%
Polybore	3.4%

CAPITAL EXPENDITURES
($ MILLIONS)

Corporate Division ($ thousands)

Years ended December 31,	2007	% of Revenue	2006	% of Revenue	Year-Over Year Change
Expenses					
Materials and operating	2,415	0.3%	1,621	0.2%	49%
General and administrative	34,683	4.1%	29,660	3.5%	17%
Total expenses	37,098	4.4%	31,281	3.7%	19%
Operating loss*	(37,098)		(31,281)		19%

Note: * see comment regarding operating income located on page 12 of the Management's Discussion and Analysis

Overall, corporate expenses increased 19% to $37.1 million from $31.3 million on a year-over-year basis. Stock-based compensation and staffing costs increased $3.7 million while public company costs and professional fees increased $2.0 million.

Other Expenses and Income

Interest expense increased to $8.6 million for the year from $0.7 million for the comparable prior period as a result of debt issued to finance acquisitions and capital expenditures undertaken by the Company in the year.

Depreciation and amortization increased to $62.7 million for the year relative to $34.8 million for the same period in 2006 as a result of the acquisition of Liberty, as well as the continued investment in equipment and operations facilities, most of which occurred in Russia and the United States.

Foreign exchange gains increased to $20.5 million in the year from $2.0 million for the comparable prior period. The majority of this increase can be attribute to a $9.3 million realized gain on the U.S. dollar denominated Bridge Credit Facility and a $7.5 million unrealized gain on the $U.S. 100 million Notes Payable. The Canadian dollar has appreciated over 15% relative to the United States dollar since we obtained the Bridge Credit Facility utilized for the acquisition of Liberty.

Other income decreased from $2.3 million in the prior year to $1.4 million in the current year due to reduced interest income resulting from lower average cash balances in the year.

Income Taxes

Trican's income tax expense decreased to $31.2 million in the year from $79.6 million for the comparable period of 2006 primarily as a result of lower earnings. The Company's effective tax rate for 2007 was 21.4% versus 31.5% for 2006. The significant reduction in the Company's effective tax rate can be attributed to future tax rate reductions resulting from decreases to future corporate income tax rates, an increase in income taxed in lower rate jurisdictions and an increase in non-taxable exchange gains arising from the translation of foreign subsidiaries.

Liquidity and Capital Resources

Operating Activities

Funds provided by operations in the year decreased to $131.8 million from a record the previous year of $226.5 million. This reduction can be attributed to a reduction in consolidated earnings, a future income tax recovery and an increase in foreign exchange gains.

At December 31, 2007 the Company had working capital of $181.7 million versus $239.2 million at the end of 2006. The majority of the decrease can be attributed to the reduction in cash resulting from the significant amount of investing activities in the year.

The Company, through the conduct of its operations, had undertaken certain contractual obligations as noted in the table below:

Payments due by period (stated in thousands of dollars)

	2008	2009	2010	2011	2012
Operating leases	5,340	3,743	2,743	2,472	2,315

Investing Activities

During the first quarter of 2007, the Company completed three acquisitions.

The Company acquired a 93.2% interest in Liberty with Liberty's management retaining the remaining 6.8% interest. The Company will acquire the remaining interest over time at a price based upon an agreed methodology. The acquisition of Liberty has been recorded using the purchase method with results of operations of Liberty included in the Well Service segment of the consolidated financial statements as of March 9, 2007. The cost of the purchase was $313.5 million net of cash acquired and was paid for in cash of $226.7 million, common shares issued out of treasury for $83.0 million and acquisition costs of $3.9 million. Net assets of $117.9 million and goodwill and intangible assets of $195.6 million were acquired.

In addition, the Company acquired all of the shares of CBM Solutions Ltd. (CBM Solutions) and increased its ownership interest in R-Can Services Limited (R-Can) by 1.2% to 98.2%. Headquartered in Calgary, Alberta, CBM Solutions specializes in the provision of geological and engineering services for unconventional gas wells, including gas content analysis, reservoir characterization and consulting services for coalbed methane and shale gas wells. R-Can holds the investment in the Company's Russian operations. The cost of these purchases totaled $31.9 million and was paid in cash of $25.5 million and deferred consideration of $6.4 million.

These acquisitions were recorded using the purchase method with results of operations of CBM Solutions included in the Well Service segment of the consolidated financial statements as of the close date. The cost of these purchases was allocated as follows: $35.4 million for goodwill and intangible assets, $0.2 million for equipment, a $4.3 million reduction for future tax liabilities, and a $0.6 million reduction in minority interest.

Capital expenditures for the year totaled $160.2 million. This compares with $130.1 million for the same period in 2006. The majority of this investment was directed to well service equipment and facilities in Russia and the United States.

At the end of 2007, the Company had a number of ongoing capital projects and estimates that $58.0 million of additional investment will be required to complete them. In addition to these amounts, the Company recently announced its capital budget for 2008 as follows:

(Stated in millions of dollars)

Canadian Operations	$ 14.6
Russian Operations	35.3
United States Operations	56.6
Algerian Operations	1.5
Corporate	1.7
	$ 109.7

Trican continues to review opportunities for growth in North America, Russia and the former CIS, Latin and South America, and other parts of the world. These capital budgets may be increased if viable business opportunities are identified by the Company.

Financing Activities

During the first quarter, the Company established a $30.0 million (or $U.S. equivalent) demand Operating Credit Facility, replacing the previous $15.0 million Operating Credit Line. In addition, the Company replaced its $25.0 million revolving equipment and acquisition line with a three year extendible revolving Acquisition and Capital Expenditure Credit Facility Agreement, under which the bank will make available to the Company an amount up to $70.0 million (or $U.S. equivalent). The Acquisition and Capital Expenditure Facility is reviewed annually by the lender; should it not be extended, repayment will be made at the end of the term. Both facilities are unsecured and bear interest at the bank's rate for Canadian prime rate, U.S. base rate, Bankers' Acceptance rates or at LIBOR plus 0 to 125 basis points, dependent on certain financial ratios of the Company. The facilities are subject to financial and non-financial covenants that are typical for this type of arrangement.

During the third quarter, the Company's Acquisition and Capital Expenditure Credit Facility was syndicated to a group of two Canadian chartered banks and expanded from $70 million to $120 million. Terms of this facility were unchanged.

With this change, the Company had a $30 million operating line and a $120 million extendible revolving equipment and acquisition line. At December 31, 2007, $15.6 million was drawn on the operating line and $90.0 million was drawn on the equipment line.

The Company also established a $U.S. 90.0 million non-revolving Bridge Credit Facility to finance a portion of the acquisition of Liberty. The Bridge Facility accrued interest at a rate of U.S. prime plus 0 to 25 basis points or LIBOR plus 75 basis points to 125 basis points, depending on certain financial ratios of the Company.

During the second quarter, the Company entered into an agreement with institutional investors in the United States providing for the issuance, by way of private placement, of $U.S. 100.0 million of Senior Unsecured Notes (the "Notes") in two tranches:

- $U.S. 25.0 Million Series A Senior Unsecured Notes maturing June 22, 2012, bearing interest at a fixed rate of 6.02% payable semi-annually on June 22 and December 22.
- $U.S. 75.0 Million Series B Senior Unsecured Notes maturing June 22, 2014, bearing interest at a fixed rate of 6.10% payable semi-annually on June 22 and December 22.

Proceeds of the Notes issued were used to fully repay the $U.S. 90.0 million Bridge Credit Facility, with the remainder utilized for general corporate purposes. The Notes require the Company to maintain certain financial and non-financial covenants typical for this type of arrangement.

As at February 27, 2008, the Company had 123,061,932 common shares and 9,171,247 employee stock options outstanding.

Subsequent Event

On February 15, 2008, the Company expanded the $120 million (or U.S. dollar equivalent) three year extendible revolving acquisition and capital expenditure Term Credit Facility to $220 million (or U.S. dollar equivalent) until November 17, 2008, at which time the facility will be reduced to $120 million. Other than the facility amount, terms of this facility are unchanged.

Accounting Policy Changes

The Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 1530, Comprehensive Income; and Section 3855, Financial Instruments – Recognition and Measurement on January 1, 2007.

As a result of adopting CICA Section 1530, Comprehensive Income, a new line is included in the Consolidated Statement of Operations under net income called "other comprehensive income" and consists of the gains and losses from the translation of the Company's self-sustaining foreign operations. Accumulated other comprehensive income is presented as a separate component of the shareholders' equity section in the Consolidated Balance Sheet. Previously, these gains and losses were deferred in foreign currency translation adjustment within shareholders' equity.

As a result of adopting CICA Section 3855, Financial Instruments – Recognition and Measurement, financial assets classified as loans and receivables and financial liabilities classified as other liabilities have to be measured initially at fair value. The methods used by the Company in determining the fair value of financial instruments are unchanged as a result of implementing this new accounting standard.

There is no material impact on the Consolidated Financial Statements for adoption of these new standards.

The CICA has issued new guidance on Section 3031, Inventories. The Company will apply this guidance on the standard effective January 1, 2008, which is summarized below.

Section 3031, Inventories – This section provides new guidance on the recognition, measurement, and disclosure of inventories which include: the elimination of the LIFO method of accounting for inventory; the requirement to measure inventories at the lower of cost and net realizable value; the reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of inventories; and the inclusion of spare parts inventory not consumed as part of the regular maintenance program as property and equipment. In addition, disclosure requirements have been enhanced. Inventory policies, carrying amounts, amounts recognized as an expense, write-downs and the reversals of write-downs are now required to be disclosed. At December 31, 2007, the Company had $93.2 million of inventory of which $36.3 million is spare parts inventory. The revised guidance will require the Company to determine the proportion of the spare parts inventories that are not consumed as part of regular maintenance and include as property and equipment effective January 1, 2008.

The CICA has revised standards on the presentation and disclosure of financial instruments; Section 3862 and 3863, Financial Instruments – Disclosure and Presentation. Theses new standards provide enhanced disclosure relating to financial instruments, and the Company will apply this guidance on the standard effective January 1, 2008.

Critical Accounting Estimates

The Company prepares its consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles. In doing so, management is required to make various estimates and judgments in determining the reported amounts of assets and liabilities, revenues and expenses, as well as the disclosure of commitments and contingencies. Management bases its estimates and judgments on its own experience and various assumptions believed to be reasonable under the circumstances. Anticipating future events cannot be done with certainty; therefore, these estimates may change as new events occur, more experience is acquired or the Company's operating environment changes. The accounting estimates believed to require the most difficult, subjective or complex judgments and which are material to the Company's financial reporting results are as follows:

Allowance for Doubtful Accounts Receivable

Trican evaluates its accounts receivable through a continuous process of assessing its portfolio on an individual customer and overall basis. This process consists of a thorough review of historical collection experience, current aging status of the customer accounts, financial condition of the Company's customers and other factors. Based on its review of these factors, it establishes or adjusts allowances for specific customers as well as general provisions if industry conditions warrant. This process involves a high degree of judgment and estimation and frequently involves significant dollar amounts. Accordingly, the Company's results of operations can be affected by adjustments to the allowance due to actual write-offs that differ from estimated amounts.

Impairment of Long-Lived Assets

Long-lived assets, which include property and equipment and intangible assets, are tested for impairment annually, or more frequently as circumstances require. An impairment loss is recognized when the carrying amount of the assets exceeds the sum of the undiscounted cash flows expected to result from their use and eventual disposition. Estimates of undiscounted future net cash flows are calculated using estimated future job count, sales prices, operating expenditures and other costs. These estimates are subject to risk and uncertainties, and it is possible that changes in estimates could occur which may affect the expected recoverability of the Company's assets.

To test for and measure impairment, assets are grouped at the lowest level for which identifiable cash flows are largely independent. The three lowest asset groupings for which identifiable cash flows are largely independent are Well Service, Production Services and industrial services, which is a reporting unit within Production Services.

The assumptions management used to determine the future recoverability of these assets resulted in no indication that the carrying value would not be recoverable in the future.

Goodwill Impairment

Goodwill represents the excess of purchase price for companies acquired over the fair market value of the acquired Company's net assets. Goodwill is allocated as of the date of the business combination to the Company's reporting units that are expected to benefit from the synergies of the business combination. Goodwill is tested for impairment at least annually.

The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit is compared with its fair value. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not to be impaired and performance of the second step of the impairment test is unnecessary. The second step compares the implied fair value of the reporting unit's goodwill with its carrying amount to measure the amount of the impairment loss, if any.

Assumptions utilized to determine the fair market value of each reporting unit are estimated future job count, sales prices, operating expenditures and other costs as well as various earnings multiples. These estimates are subject to risk and uncertainties, and it is possible that changes in estimates could occur which may affect the impairment of goodwill. The assumptions management used to determine the future recoverability of goodwill resulted in no indication that the carrying value of the goodwill has been impaired.

Depreciation and Amortization of Property and Equipment

Depreciation and amortization is calculated using the straight-line method over the estimated useful life of the asset. Management bases the estimate of the useful life and salvage value of equipment on expected utilization, technological change and effectiveness of maintenance programs. Although management believes the estimated useful lives and salvage values of the Company's equipment are reasonable, they can not be certain that depreciation and amortization expense measures with precision the true reduction in value of assets over time. There have been no significant changes to the estimated useful lives of the Company's property and equipment during the past two years.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, the Company records future income taxes for the effect of any difference between the accounting and income tax basis of an asset or liability, using the substantively enacted tax rates. Valuation allowances are established to reduce future tax assets when it is more likely than not that some portion or all of the future tax asset will not be realized. Estimates of future taxable income and the continuation of ongoing prudent tax planning arrangements have been considered in assessing the utilization of available tax losses. Changes in circumstances and assumptions may require changes to the valuation allowances associated with the Company's future tax assets.

Inventory Obsolescence

Inventories are regularly reviewed and provisions for obsolete inventory are established based on historical usage patterns and known changes to equipment or processes that would render specific items no longer usable in operations. Significant or unanticipated changes in business conditions could affect the amount and timing of any additional provision for obsolete inventory that may be required. As at December 31, 2007, the Well Service Division's inventory balance was $89.9 million and the Production Services Division was $3.3 million.

Business Risks

The activities we undertake involve a number of risks and uncertainties inherent in the industry, some of which are summarized below. Additional risks and uncertainties that our management may be unaware of, or that they determine to be immaterial. may also become important factors which affect us.

Oil and Natural Gas Prices

The demand for Trican's services is largely dependent upon the level of expenditures made by oil and gas companies on exploration, development and production activities. The price received by our customers for the crude oil and natural gas they produce has a direct impact on cash flow available to them to purchase services provided by Trican. As crude oil and natural gas sales are based primarily on U.S. dollar priced indices, movement of the Canadian dollar and Russian ruble relative to their U.S. counterpart will also have an impact on the cash flow available to our customers to acquire services. Exploration, development and production activities are also influenced by a number of factors including taxation and regulatory changes, access to pipeline capacity and changes in equity markets. Demand for crude oil and natural gas is also strongly influenced by a number of factors including the weather, geopolitical factors and the strength of the global economy.

Sources, Pricing and Availability of Raw Materials and Component Parts

We source our raw materials, such as oilfield cement, proppant, nitrogen, carbon dioxide and coiled tubing, from a variety of suppliers, most of whom are located in Canada, Russia and the United States. Alternate suppliers exist for all raw materials.

The source and supply of materials has been consistent in the past; however, in periods of high industry activity, Trican has experienced periodic shortages of certain materials. Management maintains relationships with a number of suppliers in attempt to mitigate this risk. However, if the current suppliers are unable to provide the necessary materials, or otherwise fail to deliver products in the quantities required, any resulting delays in the provision of services to our clients could have a material adverse effect on our results of operations and our financial condition.

Importance of Intangible Property

When providing services, we rely on trade secrets and know how to maintain our competitive position and where possible, we undertake to protect our intellectual property by applying for patent protection. There is currently one patent issued to Trican for a specialized fracturing fluid. There are also currently 10 patents pending. These pending patents consist of three on new fracturing fluids, one on a new coalbed methane fracturing technique, four on coiled tubing tools and techniques related to high pressure jetting technology, shallow gas fracturing and wellbore dewatering, one on a new chemical for suspending sand, and one regarding an innovative technique for fracturing multiple intervals in horizontal wellbores with coiled tubing. We have also negotiated exclusive Canadian licenses to utilize new and innovative technologies in relation to our cementing services for pulsation technology and coiled tubing services related to reverse circulation drilling.

Cyclical or Seasonal Nature of Industry

The well service industry is characterized by considerable seasonality, especially in Canada. The first calendar quarter is the most active in the well service industry, the second quarter is the least active, and the third and fourth quarters typically reflect increasing activity over the preceding quarter. During the second quarter, when the frost leaves the ground in the spring, many secondary roads are temporarily rendered incapable of supporting the weight of heavy equipment, which results in severe restrictions in the level of well servicing activity. The duration of this period, commonly referred to as the "spring break up", has a direct impact on the level of our activities, particularly in Canada. Spring break up, which generally occurs between March and May, is typically the slowest period of activity for us.

During other periods of the year, rainfall can also render some of the secondary and oilfield service roads impassible for the Company's equipment. These factors can all reduce activity levels below normal or anticipated levels. Furthermore, fluctuations in oil and natural gas prices can produce periods of high and low demand for well services.

During periods of low commodity prices, when the cash flow of our customers is restricted, demand for our services may also be reduced. Conversely, during periods of high commodity prices, when the cash flow of our customers increases, the demand for our services may increase.

Competitive Conditions

The oilfield services market is highly competitive. The competitors in the well service market in both Canada and Russia include B.J. Services Ltd., Halliburton Energy Services, Schlumberger Incorporated, Calfrac Well Services Ltd. as well as other domestic companies in the markets in which we operate.

Although we believe that we are continuing to build market share and have a significant presence in respect of all of our services, we do not currently hold a dominant market position with respect to any of the services we offer in any of the markets in which we operate.

Environmental Protection

We and others in the well service industry are subject to various environmental laws and regulations enacted in most jurisdictions in which we operate. These laws and regulations primarily govern the manufacture, processing, importation, transportation, handling and disposal of certain materials used in our operations. We believe that we are currently in compliance with such laws and regulations. Our customers are subject to similar laws and regulations, as well as limits on emissions into the air and discharges into surface and sub-surface waters. While regulatory developments that may follow in subsequent years could have the effect of reducing industry activity, we cannot predict the nature of the restrictions that may be imposed. We may be required to increase operating expenses or capital expenditures in order to comply with any new restrictions or regulations.

Historically, environmental protection requirements have not had a significant financial or operational effect on our capital expenditures, earnings or competitive position. Environmental protection requirements are not presently anticipated to have a significant effect on such matters in 2008 or in the future.

The services provided by the Company, in some cases, involve flammable products being pumped under high pressure. To address these risks, Trican has developed and implemented safety and training programs. In addition, a comprehensive insurance and risk management program has been established to protect the Company's assets and operations. Trican also complies with current environmental requirements and maintains an ongoing participation in various industry-related committees and programs.

Availability of Qualified Staff

The Company's ability to provide reliable service is dependent upon attracting and retaining skilled workers. The Company attempts to overcome this by offering an attractive compensation package and training to enhance skills and career prospects.

Equipment and Parts Availability

The Company's ability to expand its operations and provide reliable service is dependent upon timely delivery of new equipment and replacement parts from fabricators and suppliers. A lack of skilled labour to build equipment, combined with new competitors entering the oilfield service sector, is placing a strain on some fabricators. This has substantially increased the order time on new equipment and increased uncertainty surrounding final delivery dates. Significant delays in the arrival of new equipment from expected dates may constrain future growth and the financial performance of the Company. The Company attempts to mitigate this risk by maintaining strong relations with key fabricators and suppliers.

Risks of Foreign Operations

An increasing portion of the Company's operations are outside of North America where the political and economic systems differ from those of North America. To attempt to mitigate these risks, the Company has hired employees who have extensive experience in the international marketplace supplemented with local qualified staff.

Foreign Exchange Exposure

Trican's consolidated financial statements are presented in Canadian dollars. The reported results of our foreign subsidiary operations are affected primarily by the movement in exchange rates between the Canadian and U.S. dollar and Russian ruble. Trican's Canadian operations include exchange rate exposure as purchases of some equipment and materials are from U.S. suppliers. Other than natural hedges undertaken in the normal course of ongoing business, no hedging positions are currently in place.

Merger and Acquisition Activity

Merger and acquisition activity in the oil and gas exploration and production sector may constrain demand for the Company's services as customers focus on reorganizing the business prior to committing funds to exploration and development projects.

Further, the acquiring company may have preferred supplier relationships with oilfield service providers other than Trican.

Kyoto Protocol

In December 2002, the Government of Canada ratified the Kyoto Protocol ("Protocol"). The Protocol calls for Canada to reduce its greenhouse gas emissions to certain target levels during the period between 2008 and 2012 and to meet further targets beyond 2012. When the Government of Canada implements the Protocol, it is expected to affect the operation of all industries in Canada, including the well service industry and its customers in the oil and natural gas industry. As details of implementation of this Protocol have yet to be announced, the affect on our operations cannot be determined at this time. On February 14, 2007, a private member's bill was passed by the Canadian House of Commons requiring the Government to set out its plan to meet Kyoto targets within 60 days. On April 26, 2007, the Federal Government released its Action Plan to Reduce Greenhouse Gases and Air Pollution (the "Action Plan") also known as ecoACTION which includes the regulatory framework for air emissions. This Action Plan covers not only large industry, but regulates the fuel efficiency of vehicles and the strengthening of energy standards for a number of energy using products. The Government of Canada and the Province of Alberta released on January 31, 2008 the final report of the Canada-Alberta ecoENERGY Carbon Capture and Storage Task Force, which recommends among others: (i) incorporating carbon capture and storage into Canada's clean air regulations; (ii) allocating new funding into projects through competitive process; and (iii) targeting research to lower the cost of technology.

Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not currently possible to predict either the nature of those requirements or the impact on the Corporation and its operations and financial condition at this time. .

Regulation by Federal and Provincial Governments

In addition to federal regulation, each province has legislation and regulations which govern land tenure, royalties, production rates, environmental protection, and other matters. The royalty regime is a significant factor in the profitability of crude oil, natural gas liquids, sulphur, and natural gas production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee, although production from such lands is subject to certain provincial taxes and royalties. Crown royalties are determined by governmental regulation and are generally calculated as a percentage of the value of the gross production. The rate of royalties payable generally depends in part on prescribed reference prices, well productivity, geographical location, field discovery date, method of recovery, and the type or quality of the petroleum product produced. Other royalties and royalty-like interests are, from time to time, carved out of the working interest owner's interest through non-public transactions. These are often referred to as overriding royalties, gross overriding royalties, net profits interests or net carried interests.

On October 25, 2007, the Alberta government released a report entitled "The New Royalty Framework" (the "NRF") containing the government's proposals for Alberta's new royalty regime which is scheduled to be effective on January 1, 2009. The proposed NRF includes new royalty formulas for conventional oil and natural gas that will operate on sliding scales that are determined by commodity prices and well productivity. Substantial legislative, regulatory and systems updates will be introduced before changes become fully effective in January 2009. With information currently available, it is not currently possible to predict the impact on the Corporation and its operations and financial condition at this time.

Internal Control over Financial Reporting

Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were designed to provide a reasonable level of assurance over disclosure of material information, and are effective as of December 31, 2007.

Management's Report on Internal Control over Financial Reporting

The Chief Executive Officer and Chief Financial Officer of Trican Well Service Ltd. are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision. The Company's internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and its preparations of financial statements for external purposes in accordance with Canadian Generally Accepted Accounting Principles.

Internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, internal control over financial reporting determined to be effective can provide only reasonable assurance with respect to financial statement preparation and may not prevent or detect all misstatements.

The Company's management has assessed the effectiveness of the Company's design of internal control over financial reporting as of December 31, 2007. In making this assessment, the Company's management used the criteria established by the Committee of Sponsoring Organizations (COSO) in the "Internal Control-Integrated Framework." These criteria are in the areas of control environment, risk assessment, control activities, information and communication, and monitoring. The Company's assessment included extensive documenting and evaluating the design of its internal control over financial reporting. The conclusion reached, based on the assessment completed, is that the Company has an effective design of internal controls over financial reporting as of December 31, 2007.

Changes in Internal Control over Financial Reporting during Q4

There were no changes in our internal control over financial reporting during the last quarter of the year ended December 31, 2007 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Outlook

Russia

Demand for our services in Russia looks positive with continued growth expected in 2008. In 2007, we expanded our geographic reach and established operations in the Volga Urals basin through our base in Perm. 2008 will see us continue to expand our area of operations as we commence operations in the Eastern Siberian basin with the start up of the Vankor project. We will also expand our existing operations reach in the Western Siberian Basin by establishing a new operations base in Gubkinsky, in the Purpay region. This new base will be north of existing operations in Nizhnevartovsk and provide support for the Vankor project and will also provide the Company with access to the northern gas fields which are expected to become a growing pressure pumping market in the future.

We expect that Russia will continue to be a price competitive, well serviced market, however with our expanded operations reach and growth of existing and new services introduced in 2007, our Russian operations will continue to provide a strong growth platform for Trican.

Canada

Demand for our services fell significantly in 2007 relative to 2006 as our customers struggled with lower North American natural gas prices, a strong Canadian dollar and unfavourable royalty changes introduced by the Government of Alberta. Most industry watchers expect that activity levels in 2008 will fall below 2007 levels as our customers continue to struggle with reduced economic returns from these reservoirs. However, there are some early indications that natural gas withdrawals during the winter heating season and reduced LNG imports may reduce North American gas inventory levels which could support improved near term natural gas prices. Should this occur, activity levels late in the year could improve over current expectations.

United States

At present, Trican's American operations continue to struggle to secure sufficient volumes of fracturing sand to support ongoing operations. Traditional fracturing sand suppliers have been unable to keep pace with the overall growth in activity and the increase in the size of fracturing jobs that has led to higher volumes of sand being required. As a result, since late in the third quarter of 2007, the Company has been unable to secure sufficient volumes of sand to support ongoing operations. We have been working with existing and alternate sand suppliers to secure stable supplies but as yet have not been able to secure sufficient volumes to meet demand for our services on an consistent basis. We are working to alleviate this supply shortage, however, until we are able to so our fracturing operations will continue to underperform relative to our operating capacity and demand for service.

During 2008 we will expand our operations in this market by introducing cementing services and expand our geographic reach by opening additional operations bases.

Demand for services is still strong, however an increase in fracturing capacity in recent years has created additional competition which has led to some pricing pressure. Industry watchers have indicated that with the continued development of unconventional gas reserves, and the related increased demand for fracturing services, this additional capacity should be taken up and prices are expected to stabilize during 2008.

Forward-looking Statements

This document contains statements that constitute forward-looking statements within the meaning of applicable securities legislation. These forward-looking statements include, among others, the Company's prospects, expected revenues, expenses, profits, expected developments and strategies for its operations, and other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance.

These forward-looking statements are identified by their use of terms and phrases such as "anticipate," "achieve", "achievable," "believe," "estimate," "expect," "intend," "plan," "planned," and other similar terms and phrases. Forward-looking statements are based on current expectations, estimates, projections and assumptions that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated. These risks and uncertainties include: fluctuating prices for crude oil and natural gas; changes in drilling activity; general global economic, political and business conditions; weather conditions; regulatory changes; and availability of products, qualified personnel, manufacturing capacity and raw materials. If any of these uncertainties materialize, or if assumptions are incorrect, actual results may vary materially from those expected.

Selected Annual Information ($ thousands, except per share amounts and operational information)

	2007	2006	2005
Revenue	836,373	847,472	640,898
Net income	111,817	172,563	131,730
Earnings per share:			
Basic	$ 0.93	$ 1.50	$ 1.17
Diluted	$ 0.91	$ 1.44	$ 1.12
Funds provided by operations	131,755	226,520	202,169
Capital expenditures	160,178	130,130	119,970
Total assets	1,049,064	745,211	535,543
Total long-term financial liabilities	193,102	3,397	14,154
Shareholders' equity	683,669	539,768	361,083
Average shares outstanding (Basic)	120,724	114,846	113,232
Average shares outstanding (Diluted)	123,493	119,572	118,329
Shares outstanding at year end	122,450	115,198	113,908
Dividend per share	$ 0.10	$ 0.10	$ –

Note: * see comment regarding operating income located on page 12 of the Management's Discussion and Analysis

2006 versus 2005 – Annual Selected Information

Trican's financial results for 2006 reflected record revenue in Canada and Russia. Although job count was relatively consistent compared to the prior year in Canada, revenue per job increased reflecting a February 2006 price book increase and an increase in the proportion of jobs performed in the deeper areas of the basin. The increase in Russia reflected additional equipment capacity, expanded areas of operations, and larger, more technical jobs in Nefteyugansk. Similarly, net income and earnings per share amounts increased.

Total assets increased $209.7 million to $745.2 million in 2006 as a result of the purchase of property and equipment and the accumulation of cash. Total long-term financial liabilities decreased to $3.4 million in 2006 from 14.2 million in 2005 due to repayment of capital lease obligations.

On May 3, 2006, Trican's Board of Directors resolved to commence semi-annual dividend payments to holders of common shares. The first dividend payment of $.05 per share was paid on July 15, 2006. The Company has since made dividend payments on January 12, 2007, July 13, 2007 and January 14, 2008. Dividend payments are at the discretion of the Board of Directors and depend on the financial condition of the Company as well as other factors.

Operational Information (unaudited)

	2007	2006	2005
Well Service			
Number of jobs completed	**22,521**	26,178	25,890
Revenue per job	**35,481**	30,679	23,393
Production Services			
Number of jobs completed	**3,087**	3,112	2,211
Revenue per job	**9,846**	10,960	10,213
Number of hours	**9,369**	11,947	13,951

Summary of Quarterly Results ($ millions, except per share amounts; unaudited)

	2007				2006			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	**195.8**	**228.7**	**139.4**	**272.5**	208.3	244.1	137.4	257.6
Net income	**18.2**	**37.6**	**0.9**	**55.1**	35.3	54.6	17.4	65.2
Earnings per share								
Basic	**0.15**	**0.31**	**0.01**	**0.47**	0.31	0.47	0.15	0.57
Diluted	**0.15**	**0.30**	**0.01**	**0.46**	0.30	0.46	0.15	0.55

Q4 – 2007

- Results for the quarter reflect increased equipment capacity and strong demand for services for our Russian operations, expansion into the United States and a sharp reduction in demand for our services in Canada compared to the prior year.
- United States operations were significantly impacted by a shortage of high quality fracturing proppant. This shortage forced the cancellation of jobs and increased the cost of sand purchased.
- The Company opened its third operating base in Searcy, Arkansas where a sixth fracturing crew was added to support demand from the Company's existing customer base.
- The Company performed its first pumping operation in Hassi Messaoud, Algeria on October 3, 2007 and is encouraged by the potential to provide additional services to this active market.
- A reduction to the tax provision, as a result of announced reductions in the Federal and Provincial corporate tax rates for our Canadian operations, enhanced results during the quarter. The tax provision for the quarter was reduced by $6.7 million, which increased net income per share by $0.05.

Q3 – 2007

- Revenue for the quarter fell from the same period last year as record revenue from Russian operations and a strong contribution from United States operations were not able to entirely offset the decline in Canadian activity.
- A tenth fracturing crew and a sixth twin-cementer transferred from Canadian to Russian operations combined with strong demand for services generated revenue and job records.
- Two deep coiled tubing units that were added to broaden our service offering and expand work with a key customer were not operational in the quarter due to delays related to unit registration.

Q2 – 2007

- Another record breaking quarter for our Russian operations and the inclusion of the first full quarter results from our acquisition of Liberty more than offset the continued reduction of activity in Canada compared to the prior year.
- Demand for services during our first full quarter of operations in the United States was strong; however, heavy rains experienced in June reduced activity levels and operating results.
- The Company was awarded a multi-year contract to provide coiled tubing services in the Krasnyorsk region of Siberia. The three-year contract, which was awarded by JSC Vankorneft, a Rosneft company, is expected to generate approximately $US 45.0 million of revenue over the life of the contract. The project, which is expected to commence early in 2008, will be the Company's first project in the Eastern Siberia Basin.

- The Company was awarded a contract with First Calgary Petroleums Ltd. to provide coiled tubing, nitrogen and acidizing services in Algeria. This project represents Trican's first operations in Africa. The Company is very excited about the potential for our services in this new market and our association with First Calgary Petroleums Ltd.
- On June 21, 2007, the Company entered into an agreement with institutional investors in the United States providing for the issuance, by way of private placement, of $U.S. 100.0 million of Senior Unsecured Notes. Proceeds of the debt issue were used to fully repay the $U.S. 90.0 million Bridge Credit Facility which was used to temporarily finance a portion of the Liberty acquisition, with the remainder utilized for general corporate purposes.
- Nefteyugansk fracturing crews completed two large hydraulic fracturing treatments, one for 704-tonne and a new record 860-tonne treatment. The latter is the largest fracturing treatment ever undertaken by Trican and we believe the largest treatment undertaken in Russia.

Q1 – 2007

- Results for the quarter reflect the continued growth of our Russian operations combined with our recent acquisition of Liberty Pressure Pumping LP. (Liberty). These positive developments were partially offset by lower demand for our services in Canada.
- Trican completed the acquisition of Liberty, a provider of fracturing stimulation services principally in the Barnett Shale play of north-central Texas. This acquisition provided Trican with a strong platform from which to expand into the U.S. pressure pumping market. Liberty operates five fracturing crews from bases in Springtown and Longview, Texas.
- The Company established a $U.S. 90.0 million ($103.8 million) temporary non-revolving Bridge Credit Facility to finance the acquisition of Liberty.
- The Company was awarded a new three year contract by Yuganskneftegaz, a subsidiary of Rosneft, for the provision of hydraulic fracturing services in the Priobskoye oilfield in the Khanty-Mansiysk region of Western Siberia. This contract, which is estimated to be worth approximately $U.S. 210 to $U.S. 250 million in revenue over its life, is an important milestone for the Company and further establishes a strategic relationship on which to base future growth.
- The Company established a new operating facility in Perm, a city in the Volga-Urals basin in Russia, where we provide services to our customers working over existing wells.
- The Company acquired all of the shares of CBM Solutions Ltd. Headquartered in Calgary Alberta, CBM Solutions specializes in the provision of geological and engineering services for unconventional gas wells, including gas content analysis, reservoir characterization and consulting services for coalbed methane and shale gas wells.
- The Company established a $30.0 million (or $U.S. equivalent) demand Operating Credit Facility, replacing the previous $15.0 million Operating Credit Line. In addition, the Company replaced its $25.0 million revolving equipment and acquisition line during the quarter with a three year extendible revolving Acquisition and Capital Expenditure Credit Facility Agreement, under which the bank will make available to the Company an amount up to $70.0 million (or $U.S. equivalent).

Q4 – 2006

- Trican's consolidated revenue increased marginally compared to the same period in 2005 as the relative contribution from our Russian operations offset the decline in revenue in Canada.
- Activity in the WCSB as measured by the number of active drilling rigs decreased 25% for the quarter relative to the same period in 2005. Gas directed drilling in the shallow to intermediate depth areas of the basin was hardest hit, with lower demand for shallow cementing, conventional fracturing and coalbed methane fracturing services.
- Russian operations set new quarterly record highs for total revenue and revenue per job as a result of three additional fracturing crews operating compared with the same period in 2005, combined with revenues from the new base established in Nefteyugansk late in 2005.
- Russian revenue per job of $142,368 set a new record, more than doubling the comparable prior quarter's amount of $68,889 as a result of overall larger job sizes, particularly in Nefteyugansk, and improved contract pricing.

Q3 – 2006

- Trican's revenue for the quarter increased 40% compared to the same period in 2005 while net income increased over 49% to $54.6 million over the $36.6 million recorded in the third quarter of 2005.
- Weak natural gas prices had a greater impact on activity in the shallow and intermediate depth areas of the WCSB during the quarter as operators reduced spending on marginal gas plays such as shallow gas and coalbed methane programs.
- Trican's activity in the northern and deeper areas of the basin increased compared with last year, reflecting the Company's significant investment and strong presence in these markets. Work in these areas may be less affected by short term commodity price weakness, as these development programs are focused on longer lived reserves with longer delivery times to market.
- Revenue from Russian operations increased more than 150% to a record $56.2 million compared to the same period in 2005 as a result of increased equipment capacity and higher revenue per job, which benefited from larger overall job sizes and improved pricing.
- Results for the quarter also benefited from the redeployment of a fracturing crew to Kazakhstan; the equipment was well received by our customers and management is optimistic that sufficient work exists in the Kyzylorda region to justify keeping this equipment in Kazakhstan into 2007.
- Late in September, a Nefteyugansk fracturing crew completed a 536-tonne hydraulic fracturing treatment which took more than six hours to pump and was completed flawlessly as planned. This was the largest fracturing treatment ever undertaken by Trican and what we believe was the largest treatment executed in Russia at that time.

Q2 – 2006

- Trican's revenue for the quarter increased 45% compared to the same period in 2005 establishing a new corporate high for the second quarter, which is traditionally a period of reduced activity. Net income increased almost 120% to $17.4 million over the $8.0 million recorded in the second quarter of 2005.
- Operations in Canada were hampered by the late arrival of spring break up which extended the winter drilling season in the first quarter but delayed the commencement of the summer exploration and development programs in the second quarter.
- Heavy rain was experienced in southern Alberta, reducing shallow gas and coalbed methane directed programs. Coalbed methane programs were further constrained by increased regulatory requirements extending the well licensing process.
- Russian operations revenue increased over 129% to a record $46.3 million compared to the same period in 2005 as a result of customers catching up on work that could not be completed during the extremely cold first quarter as well as a new base in Nefteyugansk coupled with three additional fracturing crews added since the second quarter of 2005, bringing the total number of crews operating to eight.
- A reduction in the tax provision, as a result of announced reductions in the Federal and Provincial corporate tax rates for our Canadian operations, enhanced results during the quarter. The quarter tax provision was reduced by $5.0 million, which increased net income per share by $0.04.
- On May 3, 2006, Trican's Board of Directors resolved to commence semi-annual dividend payments of $0.05 per share to holders of common shares. The dividend policy was instituted to attract retail and large investment funds that require dividends in order to invest in a company's shares. On May 10, 2006, Trican's shareholders approved a stock split of the Company's common shares on a two-for-one basis.

Q1 – 2006

- Despite losing approximately 20 to 25 days of work in our Russian operations due to extremely cold weather, results for the quarter established new Company records for all major financial and operational measures.
- Canadian operations enjoyed strong operating conditions, which included a cold spell late in March that delayed the onset of spring break up and extended the winter drilling season.
- Activity in the Western Canadian Sedimentary Basin, as measured by the number of active drilling rigs, was at an all time high, topping 740 during the quarter, 7% higher than the peak level last year.
- Continued investment in Canadian operational capacity helped drive a new record for the number of jobs completed during a quarter.
- Additional equipment capacity and the opening of a new base in Nefteyugansk that was established to support the work on the new contract announced last year, helped drive record revenues and revenue per job for our Russian operations.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Trican Well Service Ltd. is responsible for the preparation and integrity of the accompanying consolidated financial statements and all other information contained in this Annual Report. The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in Canada and include amounts that are based on management's informed judgments and estimates where necessary.

The Company maintains internal accounting control systems which are adequate to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with management's authorization and accounting records are reliable as a basis for the preparation of the consolidated financial statements.

The Board of Directors, through its Audit Committee, monitors management's financial and accounting policies and practices and the preparation of these financial statements. The Audit Committee meets periodically with external auditors and management to review the work of each and the propriety of the discharge of their responsibilities. Specifically, the Audit Committee reviews with management and the external auditors the financial statements and annual report of the Company prior to submission to the Board of Directors for final approval. The external auditors have full and free access to the Audit Committee to discuss auditing and financial reporting matters.

The shareholders have appointed KPMG LLP as the external auditors of the Company and, in that capacity; they have examined the financial statements for the periods ended December 31, 2007 and 2006. The Auditors' Report to the shareholders is presented herein.

MURRAY L. COBBE
PRESIDENT AND CHIEF EXECUTIVE OFFICER

MICHAEL G. KELLY
VICE PRESIDENT, FINANCE AND ADMINISTRATION AND CHIEF FINANCIAL OFFICER

February 27, 2008

AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Trican Well Service Ltd. as at December 31, 2007 and 2006 and the consolidated statements of operations, other comprehensive income, retained earnings and accumulated other comprehensive income and cash flow for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian Generally Accepted Accounting Principles.

KPMG LLP

KPMG LLP

CHARTERED ACCOUNTANTS

CALGARY, CANADA

February 27, 2008

CONSOLIDATED BALANCE SHEETS

(Stated in thousands of dollars) As at December 31,	2007	2006
Assets		
Current assets		
Cash and short-term deposits	$ 23,370	$ 94,710
Accounts receivable	138,226	156,306
Income taxes recoverable	5,651	–
Inventory	93,209	80,029
Prepaid expenses	15,576	11,807
	276,032	342,852
Property and equipment *(note 6)*	555,104	384,659
Intangible assets *(notes 5 and 7)*	40,659	1,321
Future income tax assets *(note 14)*	1,070	2,396
Other assets *(note 8)*	8,782	–
Goodwill *(note 5)*	167,417	13,983
	$ 1,049,064	$ 745,211
Liabilities and Shareholders' Equity		
Current liabilities		
Bank loans *(note 9)*	$ 15,584	$ –
Accounts payable and accrued liabilities	70,529	58,142
Deferred consideration *(note 5)*	2,146	–
Dividend payable	6,123	5,760
Current income taxes payable	–	36,312
Current portion of long-term debt *(note 10)*	–	3,397
	94,382	103,611
Long-term debt *(note 10)*	188,810	–
Future income tax liabilities *(note 14)*	67,531	100,413
Deferred consideration *(note 5)*	4,292	–
Non-controlling interest *(note 5)*	10,380	1,419
Shareholders' equity		
Share capital *(notes 5 and 11)*	196,165	84,661
Contributed surplus	20,675	15,638
Retained earnings	546,211	446,606
Accumulated other comprehensive income *(note 2)*	(79,382)	(7,137)
	683,669	539,768
Contractual obligations, contingencies and subsequent events *(notes 16, 18 and 19)*	$1,049,064	$ 745,211

See accompanying notes to the consolidated financial statements.

M L Cobbe

MURRAY L. COBBE
DIRECTOR

V J Stobbe

VICTOR J. STOBBE
DIRECTOR

CONSOLIDATED STATEMENTS OF OPERATIONS

(Stated in thousands, except per share amounts) Years ended December 31,	2007	2006
Revenue	$ 836,373	$ 847,472
Expenses		
Materials and operating	602,919	531,875
General and administrative	38,363	31,405
Operating income	195,091	284,192
Interest expense on long-term debt and bank loans	8,596	736
Depreciation and amortization	62,707	34,798
Foreign exchange gain	(20,512)	(2,027)
Other income	(1,356)	(2,321)
Income before income taxes and non-controlling interest	145,656	253,006
Provision for current income taxes *(note 14)*	66,985	70,816
Provision for future income taxes *(note 14)*	(35,802)	8,817
Income before non-controlling interest	114,473	173,373
Non-controlling interest *(note 5)*	2,656	810
Net income	$ 111,817	$ 172,563
Earnings per share *(note 12)*		
Basic	$ 0.93	$ 1.50
Diluted	$ 0.91	$ 1.44
Dividend per share	$ 0.10	$ 0.10
Weighted average shares outstanding - basic *(note 12)*	120,724	114,846
Weighted average shares outstanding - diluted *(note 12)*	123,493	119,572

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

(Stated in thousands of dollars) (note 2) Years ended December 31,	2007	2006
Net Income	$ 111,817	$ 172,563
Other comprehensive income		
Unrealized gains/(losses) on translating financial statements of self-sustaining foreign operations	(72,245)	1,384
Other comprehensive income	$ 39,572	$ 173,947

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS AND ACCUMULATED OTHER COMPREHENSIVE INCOME

(Stated in thousands of dollars) Years ended December 31,	2007	2006
Retained earnings, beginning of year	$ 446,606	$ 285,547
Dividend	(12,212)	(11,504)
Net income	111,817	172,563
Retained earnings, end of year	$ 546,211	$ 446,606
Accumulated other comprehensive income, beginning of year	$ (7,137)	$ (8,521)
Unrealized gains/(losses) on translating financial statements of self-sustaining foreign operations	(72,245)	1,384
Accumulated other comprehensive income, end of year	$ (79,382)	$ (7,137)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENTS

(Stated in thousands of dollars) Years ended December 31,	2007	2006
Cash Provided By (Used In):		
Operations		
Net income	$ 111,817	$ 172,563
Charges to income not involving cash:		
Depreciation and amortization	62,707	34,798
Future income tax provision	(35,802)	8,817
Non-controlling interest	2,656	810
Stock-based compensation	12,730	11,028
Loss/(Gain) on disposal of property and equipment	(19)	442
Gain on sale of investment	–	(135)
Realized foreign exchange gain from financing activities	(9,270)	–
Unrealized foreign exchange gain	(13,064)	(1,803)
Funds provided by operations	131,755	226,520
Net change in non-cash working capital from operations	(927)	(22,963)
Net cash provided by operating activities	130,828	203,557
Investing		
Purchase of property and equipment	(160,178)	(130,130)
Proceeds from the sale of property and equipment	238	1,294
Purchase of other assets	–	(7)
Loan receivable	(8,782)	–
Business acquisitions, net of cash acquired	(256,079)	(2,536)
Net change in non-cash working capital from the purchase of property and equipment	(2,172)	(1,204)
	(426,973)	(132,583)
Financing		
Net proceeds from issuance of share capital	20,837	5,214
Net issuance/(repayment) of long-term debt	217,797	(10,757)
Partnership distribution	(427)	–
Dividend paid	(11,849)	(5,744)
	226,358	(11,287)
Effect of exchange rate changes on cash	(1,553)	–
Increase/(decrease) in cash and short-term deposits	(71,340)	59,687
Cash and short-term deposits, beginning of year	94,710	35,023
Cash and short-term deposits, end of year	$ 23,370	$ 94,710
Supplemental information		
Income taxes paid	108,659	43,666
Interest paid	8,079	736

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2007 and 2006

NOTE 1 NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of business

Trican Well Service Ltd. (the "Company") is an oilfield services company incorporated under the laws of the province of Alberta. The Company provides a comprehensive array of specialized products, equipment, services and technology for use in the drilling, completion, stimulation and reworking of oil and gas wells in western Canada, Russia, Kazakhstan, the United States, and Algeria.

Basis of presentation

The financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles. Management is required to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates.

NOTE 2 CHANGES IN ACCOUNTING POLICIES

The Company adopted Canadian Institute of Chartered Accountants (CICA) Handbook Section 1530, Comprehensive Income; and Section 3855, Financial Instruments – Recognition and Measurement on January 1, 2007.

As a result of adopting CICA Section 1530, Comprehensive Income, a new line is included in the Consolidated Statement of Operations under net income called "other comprehensive income" and consists of the gains and losses from the translation of the Company's self-sustaining foreign operations. Accumulated other comprehensive income is presented as a separate component of the shareholders' equity section in the Consolidated Balance Sheet. Previously, these gains and losses were deferred in foreign currency translation adjustment within shareholders' equity.

As a result of adopting CICA Section 3855, Financial Instruments – Recognition and Measurement, financial assets classified as loans and receivables and financial liabilities classified as other liabilities have to be measured initially at fair value. The methods used by the Company in determining the fair value of financial instruments are unchanged as a result of implementing this new accounting standard.

There is no material impact on the Consolidated Financial Statements from adoption of these new standards

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements:

Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries, all of which, except two, are wholly owned. All inter-company balances and transactions have been eliminated on consolidation.

Cash and short-term deposits

The Company's short-term investments with original maturities of three months or less are considered to be cash equivalents and are recorded at cost, which approximates fair market value.

Inventory

Inventory is carried at the lower of cost, determined under the first-in, first-out method, and net realizable value.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Major betterments are capitalized. Repairs and maintenance expenditures which do not extend the useful life of the property and equipment are expensed.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset as follows:

Buildings and improvements	20 years
Equipment	3 to 10 years
Furniture and fixtures	2 to 10 years

Management bases the estimate of the useful life and salvage value of property and equipment on expected utilization, technological change and effectiveness of maintenance programs. Although management believes the estimated useful lives of the Company's property and equipment are reasonable, it is possible that changes in estimates could occur which may affect the expected useful lives and salvage values of the property and equipment.

Impairment of Long-Lived Assets

Long-lived assets, which include property and equipment and intangible assets are tested for impairment annually, or more frequently as circumstances require. An impairment loss is recognized when the carrying amount of the assets exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. Estimates of undiscounted future net cash flows are calculated using estimated future job count, sales prices, operating expenditures and other costs. These estimates are subject to risk and uncertainties, and it is possible that changes in estimates could occur which may effect the expected recoverability of the Company's assets.

To test for and measure impairment, assets are grouped at the lowest level for which identifiable cash flows are largely independent. The three lowest asset groupings for which identifiable cash flows are largely independent are Well Service, Production Services and industrial services which is a component or reporting unit within Production Services.

Goodwill

Goodwill represents the excess of purchase price for business acquisitions over the fair value of the acquired net assets. Goodwill is allocated as of the date of the business combination to the Company's reporting units that are expected to benefit from the synergies of the business combination. Goodwill is not amortized, but is tested for impairment at least annually.

The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit is compared with its fair value. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not to be impaired and performance of the second step of the impairment test is unnecessary. The second step compares the implied fair value of the reporting unit's goodwill with its carrying amount to measure the amount of the impairment loss, if any.

Intangible Assets

Non-compete agreements relate to the Company's acquisitions and are recorded at estimated cost and amortized on a straight-line basis over 8 years.

Customer relationships relate to the Company's acquisitions and are recorded at estimated cost and amortized on a straight-line basis over 5 years.

The "CBM Process" relates to an acquisition by the Company and is recorded at estimated cost and amortized on a straight-line basis over 10 years.

Revenue recognition

The Company's revenue comprises services and other revenue and is generally sold based on fixed or determinable priced purchase orders or contracts with the customer. Service and other revenue is recognized when the services are provided and collectability is reasonably assured. Customer contract terms do not include provisions for significant post-service delivery obligations.

Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, the Company records future income taxes for the effect of any difference between the accounting and income tax basis of an asset or liability, using the substantively enacted tax rates. The computation of the provision for income taxes involves tax interpretations, regulations and legislation that are continually changing. There are tax matters that have not yet been confirmed by taxation authorities; however, management believes the provision for income taxes is reasonable.

Foreign currency translation
For foreign entities whose functional currency is the Canadian dollar, the Company translates monetary assets and liabilities at year-end exchange rates, and non-monetary items are translated at historical rates. Income and expense accounts are translated at the average rates in effect during the year. Gains or losses from changes in exchange rates are recognized in consolidated income in the year of occurrence.

For foreign entities whose functional currency is not the Canadian dollar, the Company translates assets and liabilities at year-end rates and income and expense accounts at average exchange rates. Adjustments resulting from these translations are reflected in the consolidated statements of other comprehensive income as unrealized gains or losses on translating financial statements of self-sustaining foreign operations.

Transactions of Canadian entities in foreign currencies are translated at rates in effect at the time of the transaction. Foreign currency monetary assets and liabilities are translated at current rates. Gains or losses from changes in exchange rates are recognized in consolidated income in the year of occurrence. Advances made to subsidiaries for which settlement is not planned or anticipated in the foreseeable future will be considered part of the net investment. Accordingly, gains and losses from these advances are reported in the consolidated statements of other comprehensive income as unrealized gains or losses on translating financial statements of self-sustaining foreign operations.

Stock-based compensation plans
The Company has a stock option plan which is described in note 13. The Company accounts for stock options using the Black-Scholes option pricing model, whereby the fair value of stock options is determined on their grant date and recorded as compensation expense over the period that the stock options vest, with a corresponding increase to contributed surplus. When stock options are exercised, the proceeds together with the amount recorded in contributed surplus are recorded in share capital.

The Company has a deferred share unit plan which is described in note 13. The Company accrues a liability equal to the closing price of the Company's common shares for each unit issued under the plan.

Earnings per share
Basic earnings per share is calculated using the weighted average number of common shares outstanding during the period. Under the treasury stock method, diluted earnings per share is calculated based on the weighted average number of shares issued and outstanding during the year, adjusted by the total of the additional common shares that would have been issued assuming exercise of all stock options with exercise prices at or below the average market price for the year, offset by the reduction in common shares that would be purchased with the exercise proceeds.

Comparative figures
Comparative figures have been restated to conform to current year's presentation.

NOTE 4 ACCOUNTING STANDARDS PENDING ADOPTION
The CICA has issued new guidance on Section 3031, Inventories. The Company will apply this guidance on the standard effective January 1, 2008, which is summarized below.

Section 3031, Inventories – This section provides new guidance on the recognition, measurement, and disclosure of inventories which include: the elimination of the LIFO method of accounting for inventory; the requirement to measure inventories at the lower of cost and net realizable value; the reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of inventories; and the inclusion of spare parts inventory not consumed as part of the regular maintenance program as property and equipment. In addition, disclosure requirements have been enhanced. Inventory policies, carrying amounts, amounts recognized as an expense, write-downs and the reversals of write-downs are now required to be disclosed. At December 31, 2007, the Company had $93.2 million of inventory of which $36.3 million is spare parts inventory. The revised guidance will require the Company to determine the proportion of the spare parts inventories that are not consumed as part of regular maintenance and include as property and equipment effective January 1, 2008.

The CICA has revised standards on the presentation and disclosure of financial instruments; Section 3862 and 3863, Financial Instruments – Disclosure and Presentation. Theses new standards provide enhanced disclosure relating to financial instruments, and the Company will apply this guidance on the standard effective January 1, 2008.

NOTE 5 ACQUISITIONS

During the first quarter ended March 31, 2007, the Company completed the following acquisitions:

A The Company acquired 93.2% of Liberty Pressure Pumping LP's (Liberty) assets, a provider of pressure pumping services in Texas. Headquartered in Denton, Texas, Liberty provides stimulation services used in the development and completion of oil and gas wells. Liberty management will retain a 6.8% interest and the Company will acquire the remaining interest over three years at a price based upon an agreed methodology. The acquisition of Liberty was recorded using the purchase method with results of operations of Liberty included in the consolidated financial statements as of March 9, 2007. The Company has finalized the purchase price equation for this acquisition.

The purchase price equation is as follows:

Cost of Acquisition (stated in thousands)

Cash	$ 233,908
Common shares issued out of treasury	82,973[a]
Transaction costs	3,854
	$ 320,735

Allocated (stated in thousands)

Goodwill	$ 161,024[b]
Property and equipment	100,488
Other intangibles	34,604
Accounts receivable	30,186
Cash	7,186
Prepaid expenses, inventory and other	4,809
Accounts payable and accrued liabilities	(8,435)
Non-controlling interest	(9,127)
	$ 320,735

(a) 4,008,864 shares at a price of $20.70 per share which was based on the weighted average share price for the two days preceding and two days following the announcement date of February 2, 2007.

(b) Goodwill has been attributed to the Well Service reporting segment and is considered to be deductible for tax purposes.

B The Company acquired all of the shares of CBM Solutions Ltd. (CBM Solutions) and increased its ownership interest in R-Can Services Limited (R-Can) by 1.2% to 98.2%.

- Headquartered in Calgary, Alberta, CBM Solutions specializes in the provision of geological and engineering services for unconventional gas wells, including gas content analysis, reservoir characterization and consulting services for coalbed methane and shale gas wells. The acquisition of CBM Solutions was recorded using the purchase method with results of operations of CBM Solutions included in the consolidated financial statements from the effective date of acquisition. In addition to the amounts disclosed below, contingent consideration may be paid for each calendar year ended 2007, 2008, 2009, 2010, and 2011 based upon financial results for that year. The Company has not yet finalized the purchase price equation for this acquisition.
- Pursuant to an agreement entered into in June 2004 with the remaining shareholder of R-Can, the Company increased its ownership percentage to 98.2% through the purchase of 1,208 common shares.

The purchase price equation of the aforementioned transactions is as follows:

Cost of Acquisition (stated in thousands)

Cash and transaction costs	$ 25,503
Deferred consideration	6,438[(a)]
	$ 31,941

Allocated (stated in thousands)

Goodwill	$ 19,998[(b)]
Other intangibles	15,400
Equipment	242
Future income tax liability	(4,273)
Non-controlling interest	574
	$ 31,941

(a) Deferred consideration consists of $3.5 million in cash and 152,772 common shares of the Company equal to $2.9 million and will be paid equally on the first, second and third anniversary of the closing date.

(b) Goodwill has been attributed to the Well Service reporting segment and is not considered deductible for tax purposes.

NOTE 6 PROPERTY AND EQUIPMENT

(Stated in thousands)

	2007	2006
Property and Equipment		
Land	$ 15,593	$ 13,336
Buildings and improvements	48,109	35,478
Equipment	639,937	436,514
Furniture and fixtures	20,684	18,977
	724,323	504,305
Accumulated Depreciation		
Buildings and improvements	6,098	4,602
Equipment	152,677	107,202
Furniture and fixtures	10,444	7,842
	169,219	119,646
	$ 555,104	$ 384,659

NOTE 7 INTANGIBLE ASSETS

(Stated in thousands)

	2007	2006
Non-compete agreements (accumulated amortization $ 2,235)	$ 20,616	$ –
Customer relationships (accumulated amortization $2,025)	11,074	–
CBM Process (accumulated amortization $637)	7,862	–
License (accumulated amortization 2007 - $1,247, 2006 - $1,033)	1,107	1,321
	$ 40,659	$ 1,321

NOTE 8 OTHER ASSETS

Included in other assets is an $8.8 million secured, interest bearing first mortgage real estate loan to an unrelated third party.

NOTE 9 BANK LOANS

The Company has a $30 million (or US dollar equivalent) demand Operating Credit Facility with a Canadian chartered bank. This facility is unsecured and bears interest at the bank's prime rate, U.S. base rate, Bankers' Acceptance rate or at LIBOR plus 0 to 125 basis points, dependent on certain financial ratios of the Company. This facility is subject to financial and non-financial covenants that are typical for this type of arrangement. At December 31, 2007, $15.6 million was drawn on the Operating Credit Facility (2006 – nil).

NOTE 10 LONG-TERM DEBT

(Stated in thousands)

	2007	2006
Notes payable	$ 98,810	$ –
Equipment and acquisition loan	90,000	–
Other	–	3,397
	$ 188,810	$ 3,397
Less: current portion	–	3,397
	$ 188,810	$ –

Notes Payable

On June 21, 2007, the Company entered into an agreement with institutional investors in the United States providing for the issuance, by way of private placement of U.S. $100 million of Senior Unsecured Notes (the "Notes") in two tranches:

- U.S. $25 Million Series A Senior Notes maturing June 22, 2012, bearing interest at a fixed rate of 6.02% payable semi-annually on June 22 and December 22; and
- U.S. $75 Million Series B Senior Notes maturing June 22, 2014, bearing interest at a fixed rate of 6.10% payable semi-annually on June 22 and December 22.

Proceeds from the Notes were used to fully repay the U.S. $90 million Bridge Credit Facility entered into on March 6, 2007 to finance the acquisition of Liberty, with the remainder utilized for general corporate purposes. The Notes require the Company to maintain certain financial and non-financial covenants that are typical for this type of arrangement.

Equipment and Acquisition Loan

On March 9, 2007, the Company entered into a $70 million (or US dollar equivalent) three-year extendible revolving acquisition and capital expenditure Term Credit Facility with a Canadian chartered bank. This facility is reviewed annually by the lender; should it not be extended, repayment will be made at the end of the term. This facility is unsecured and bears interest at the bank's prime rate, United States base rate, Bankers' Acceptance rate or at LIBOR plus 0 to 125 basis points, dependent on certain financial ratios of the Company. This facility is subject to financial and non-financial covenants that are typical for this type of arrangement.

On September 13, 2007, this facility was syndicated with two Canadian chartered banks and expanded from $70 million to $120 million (or US dollar equivalent). Terms of this facility are unchanged. At December 31, 2007, $90.0 million was drawn on the Term Credit Facility (2006 – nil). See note 19 for revisions to this facility subsequent to year end.

NOTE 11 SHARE CAPITAL

Authorized:

The Company is authorized to issue an unlimited number of common shares and preferred shares, issuable in series.

Issued and Outstanding – Common Shares (stated in thousands, except share amounts)

	Number of Shares	Amount
Balance, December 31, 2005	113,908,132	$ 77,806
Exercise of stock options	1,289,542	5,214
Compensation expense relating to options exercised		1,641
Balance, December 31, 2006	115,197,674	84,661
Exercise of stock options	**3,243,844**	**20,938**
Compensation expense relating to options exercised		**7,694**
Issuance on the acquisition of Liberty, net of share issuance costs	**4,008,864**	**82,872**
Balance, December 31, 2007	**122,450,382**	**$ 196,165**

NOTE 12 EARNINGS PER SHARE

Basic Earnings Per Share (Stated in thousands, except share and per share amounts)

	2007	2006
Net income available to common shareholders	$ 111,817	$ 172,563
Weighted average number of common shares	120,724,035	114,845,714
Basic earnings per share	$ 0.93	$ 1.50

Diluted Earnings Per Share

	2007	2006
Net income available to common shareholders	$ 111,817	$ 172,563
Diluted weighted average number of common shares		
Weighted average number of common shares	120,724,035	114,845,714
Diluted effect of stock options	2,769,440	4,725,885
	123,493,475	119,571,599
Diluted earnings per share	$ 0.91	$ 1.44

Excluded from the calculation of diluted earnings per share were weighted average options outstanding of 2,844,183 (2006 – 693,795) as the options' exercise price was greater than the average market price of the common shares for the year.

NOTE 13 STOCK-BASED COMPENSATION

The Company has two stock-based compensation plans which are described below.

Incentive stock option plan

Options may be granted at the discretion of the Board of Directors and all officers and employees of the Company are eligible for participation in the Plan. Since July 2004, non-management directors have not participated in this plan. The option price equals the weighted average closing price of the Company's shares on the Toronto Stock Exchange for the five trading days preceding the date of grant. Options granted prior to 2004 vest equally over a period of four years commencing on the first anniversary of the date of grant, and expire on the fifth or tenth anniversary of the date of grant.

In 2004, the Board changed its policy for stock option grants under the stock option plan so that one-third of new options issued under the stock option plan vest on each of the first and second anniversary dates, and the remaining third vest ten months subsequent to the second anniversary date. These options expire on the third anniversary from the date of grant. The compensation expense that has been recognized in net income for the year ended is $12.7 million (2006 - $11.0 million). The weighted average grant date fair value of options granted during 2007 has been estimated at $5.23 (2006 - $5.77) using the Black-Scholes option pricing model. The Company has applied the following assumptions in determining the fair value of options on the date of grant:

	2007	2006
Vesting period (years)	2.8	2.8
Expiration period (years)	3.0	3.0
Expected life (years)	2.4	2.5
Volatility	36%	33%
Risk-free interest rate	4.4%	4.0%
Expected dividend	$ 0.10	$ 0.08

The Company has reserved 12,245,038 common shares as at December 31, 2007 (December 31, 2006 – 11,519,767) for issuance under a stock option plan for officers and employees. The maximum number of options permitted to be outstanding at any point in time is limited to 10% of the Common Shares then outstanding. As of December 31, 2007, 9,863,531 options (December 31, 2006– 10,963,944) were outstanding at prices ranging from $0.62 - $30.01 per share with expiry dates ranging from 2008 to 2012.

The following table provides a summary of the status of the Company's stock option plan and changes during the years ending December 31:

	2007			2006		
	Options		Weighted Average Exercise Price	Options		Weighted Average Exercise Price
Outstanding at the beginning of year	**10,963,944**	**$**	**12.50**	9,075,332	$	7.27
Granted	**2,386,033**		**20.34**	3,350,710		23.67
Exercised	**(3,243,844)**		**6.45**	(1,289,542)		4.07
Forfeited	**(242,602)**		**19.61**	(172,556)		17.28
Outstanding at the end of year	**9,863,531**		**16.21**	10,963,944		12.50
Exercisable at end of year	4,579,361	$	10.92	4,635,767	$	5.73

The following table summarizes information about stock options outstanding at December 31, 2007:

Range of Exercise Prices					Options Outstanding				Options Exercisable		
					Number Outstanding	Weighted Average Remaining Life		Weighted Average Exercise Price	Number Exercisable		Weighted Average Exercisable Price
$	0.62	to	$	0.62	48,000	1	$	0.62	48,000	$	0.62
$	1.13	to	$	2.12	49,000	3		1.51	49,000		1.51
$	2.04	to	$	3.04	933,288	4		2.35	933,288		2.35
$	2.63	to	$	3.68	1,231,560	5		3.13	1,231,560		3.13
$	10.69	to	$	25.50	2,158,993	1		14.91	1,295,019		15.01
$	17.58	to	$	30.01	3,064,257	2		23.88	1,022,494		23.88
$	18.60	to	$	25.67	2,378,433	3		20.34	–		–
$	0.62	to	$	30.01	9,863,531	2.6	$	16.21	4,579,361	$	10.92

Deferred share unit plan

In 2004, the Company implemented a deferred share unit ("DSU") plan for outside directors. Under the terms of the plan, DSUs awarded will vest immediately and will be settled with cash in the amount equal to the closing price of the Company's common shares on the date the director specifies upon tendering their resignation from the Board, which in any event must be after the date on which the notice of redemption is filed with the Company and within the period from the Director's termination date to December 15 of the first calendar year commencing after the Director's termination date. The Company has recorded a $0.2 million expense (2006 - $0.5 million recovery) in the year relating to DSU's and there are 132,900 DSU's outstanding at year end (2006 -124,000).

In 2007 the Company agreed to provide an annual election for directors to purchase a like number of Common Shares in the market, in lieu of a DSU grant within 5 business days of the effective date of the resolution of the Board approving the annual DSU grant. The Company would reimburse directors who make such election, less with holdings. Any such shares purchased shall be held until the earlier of the director's retirement from the Board and the fifth anniversary of the date of purchase.

NOTE 14 INCOME TAXES

(Stated in thousands)

	2007	2006
Current tax provision	$ 66,985	$ 70,816
Future tax provision	(35,802)	8,817
	$ 31,183	$ 79,633

The geographic income before income taxes and non-controlling interest for the years ended December 31, are as follows:

	2007	2006
Canada	$ 61,252	$ 210,250
Foreign	84,404	42,756
	$ 145,656	$ 253,006

The net income tax provision differs from that expected by applying the combined federal and provincial income tax rate of 32.45% (2006 – 32.86%) to income before income taxes for the following reasons:

	2007	2006
Expected combined federal and provincial income tax	$ 47,265	$ 83,138
Non-deductible expenses	6,233	5,188
Future income tax rate reduction	(8,854)	(4,937)
Translation of foreign subsidiaries	(5,322)	(43)
Statutory and other rate differences	(8,624)	(4,555)
Capital and other foreign tax	765	114
Other	(280)	728
	$ 31,183	$ 79,633

The components of the future income tax asset and liability as at December 31 are as follows:

	2007	2006
Future income tax assets:		
Non-capital loss carry forwards	$ –	$ 1,337
Deferred share units	662	776
Share issue costs	42	30
Other	366	253
	1,070	2,396
Future income tax liabilities:		
Property, equipment and other assets	(35,246)	(29,367)
Partnership income	(26,404)	(71,046)
Intangible assets	(3,770)	–
Goodwill	(2,111)	–
	(67,531)	(100,413)
	$ (66,461)	$ (98,017

NOTE 15 FINANCIAL INSTRUMENTS

Fair values of financial assets and liabilities

The fair values of cash and short-term deposits, accounts receivable, accounts payable and accrued liabilities included in the consolidated balance sheets, approximate their carrying amount due to the short-term maturity of these instruments. Long-term debt, including current portion, has a fair value of approximately $187.7 million as at December 31, 2007 (December 31, 2006 – $3.4 million).

Credit risk

Accounts receivable includes balances from a large number of customers. The Company assesses the credit worthiness of its customers on an ongoing basis as well as monitoring the amount and age of balances outstanding. Accordingly, the Company views the credit risks on these amounts as normal for the industry. As at December 31, 2007 the Company's allowance for doubtful accounts was $1.6 million (December 31, 2006 – $2.2 million).

Interest rate risk

The Company manages its exposure to interest rate risks through a combination of fixed and floating rate borrowing facilities that are available if required. As at December 31, 2007, the Notes Payable were the Company's only fixed rate debt.

Foreign currency risk

The Company is exposed to foreign currency fluctuations in relation to its investment in Russian and United States operations and certain equipment and product purchases from U.S. vendors related to its Canadian operations. The Company is also exposed to foreign currency fluctuations with respect to the Notes Payable which are denominated in U.S dollars.

NOTE 16 CONTRACTUAL OBLIGATIONS

The Company has commitments for operating lease agreements, primarily for vehicles and office space, in the aggregate amount of $16.6 million. Payments over the next five years are as follows:

(Stated in thousands)	Payments due by period				
	2008	2009	2010	2011	2012
Operating leases	5,340	3,743	2,743	2,472	2,315

As at December 31, 2007, the Company has commitments totaling approximately $32.8 million relating to the construction of fixed assets in 2008.

NOTE 17 SEGMENTED INFORMATION

The Company provides a comprehensive array of specialized products, equipment, services and technology to customers through two operating divisions:

- Well Service provides cementing, fracturing, deep coiled tubing, nitrogen and geological services which are performed on new and producing oil and gas wells;
- Production Services provides acidizing, intermediate depth coiled tubing and industrial services which are predominantly used in the stimulation and reworking of existing oil and gas wells.

(Stated in thousands)	Well Service	Production Services	Corporate	Total
Year ended December 31, 2007				
Revenue	**$ 792,109**	**$ 44,264**	**$ –**	**$ 836,373**
Operating income (loss)	**221,619**	**10,570**	**(37,098)**	**195,091**
Interest expense	**–**	**–**	**8,596**	**8,596**
Depreciation and amortization	**58,290**	**2,865**	**1,552**	**62,707**
Assets	**830,022**	**48,612**	**170,430**	**1,049,064**
Goodwill	**161,365**	**6,052**	**–**	**167,417**
Capital expenditures	**157,404**	**1,876**	**898**	**160,178**
Goodwill expenditures	**181,022**	**–**	**–**	**181,022**
Year ended December 31, 2006				
Revenue	$ 797,517	$ 49,955	$ –	$ 847,472
Operating income (loss)	300,466	15,007	(31,281)	284,192
Interest expense	–	–	736	736
Depreciation and amortization	31,042	2,574	1,182	34,798
Assets	586,718	52,476	106,017	745,211
Goodwill	7,931	6,052	–	13,983
Capital expenditures	124,122	3,129	2,879	130,130
Goodwill expenditures	2,228	–	–	2,228

The Company's operations are carried on in three geographic locations: Canada, Russia and the United States. Results from operations in Kazakhstan and Algeria are included within our Russian operations.

(Stated in thousands)	Canada	Russia	United States	Total
Year ended December 31, 2007				
Revenue	**$ 474,111**	**$ 256,628**	**$ 105,634**	**$ 836,373**
Operating income	**103,207**	**50,820**	**41,064**	**195,091**
Property and equipment	**313,262**	**117,627**	**124,215**	**555,104**
Goodwill	**22,135**	**10,132**	**135,150**	**167,417**
Year ended December 31, 2006				
Revenue	$ 655,680	$ 191,792	$ –	$ 847,472
Operating income	236,627	47,565	–	284,192
Property and equipment	333,203	51,456	–	384,659
Goodwill	7,014	6,969	–	13,983

Revenue from each of two external customers for the year ended December 31, 2007 amounts to greater than 10 percent of the Company's total revenue. The first customer's revenue is exclusively Well Service totaling $164.6 million (2006 - $102.2 million). The second customer's revenue includes Well Service and Production Services totaling $85.5 million; revenue from this external customer was less than 10% of the Company's total revenue for the prior year.

NOTE 18 CONTINGENCIES

The Company, through the performance of its services, is sometimes named as a defendant in litigation. The nature of these claims is usually related to personal injury or completed operations. The Company maintains a level of insurance coverage deemed appropriate by management and for matters for which insurance coverage can be maintained. Management of the Company believes there are no outstanding claims having a potentially material adverse effect on the Company.

NOTE 19 SUBSEQUENT EVENT

On February 15, 2008, the Company expanded the $120 million (or U.S. dollar equivalent) three year extendible revolving acquisition and capital expenditure Term Credit Facility to $220 million (or U.S. dollar equivalent) until November 17, 2008, at which time the facility will be reduced to $120 million. Terms of this facility are unchanged.

SUPPLEMENTAL FINANCIAL DATA

Summary of Quarterly Results ($ thousands, except per share amounts and operational information)

	2007				2006			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	195,794	228,669	139,434	272,476	208,329	244,114	137,440	257,589
Materials and operating	151,595	156,550	120,183	174,591	137,870	145,744	103,676	144,585
General and administrative	10,036	8,995	9,453	9,879	9,147	8,122	6,979	7,156
Operating income*	34,163	63,124	9,798	88,006	61,312	90,248	26,785	105,848
Interest expense	2,764	2,470	2,599	764	71	109	371	185
Depreciation and amortization	17,801	16,791	15,876	12,239	9,848	9,074	8,514	7,361
Foreign exchange (gain) / loss	(1,352)	(7,679)	(7,448)	(4,032)	(853)	47	(677)	(544)
Other expense (income)	55	(265)	(217)	(933)	(1,079)	(581)	(575)	(85)
Income from operations before income taxes and non-controlling interest	14,895	51,807	(1,012)	79,968	53,325	81,599	19,152	98,931
Provision for income taxes	(3,287)	13,068	(3,087)	24,490	17,758	26,781	1,495	33,600
Income from operations before non-controlling interest	18,182	38,739	2,075	55,478	35,567	54,818	17,657	65,331
Non-controlling interest	28	1,103	1,147	379	240	264	210	96
Net income	18,154	37,636	928	55,099	35,327	54,554	17,447	65,235
Earnings per share								
Basic	$ 0.15	$ 0.31	$ 0.01	$ 0.47	$ 0.31	$ 0.47	$ 0.15	$ 0.57
Diluted	$ 0.15	$ 0.30	$ 0.01	$ 0.46	$ 0.30	$ 0.46	$ 0.15	$ 0.55
Funds provided by operations	41,825	61,923	14,345	12,703	63,501	95,365	30,634	37,017
Number of jobs completed								
Well Service	5,834	6,069	2,557	8,061	6,290	7,528	3,875	8,485
Production Services	856	943	472	816	798	815	680	819
Average revenue per job								
Well Service	$ 31,942	$ 36,035	$ 52,132	$ 32,344	$ 31,562	$ 30,955	$ 32,978	$ 28,729
Production Services	$ 9,624	$ 9,120	$ 11,088	$ 10,201	$ 10,598	$ 10,831	$ 11,908	$ 10,653

Note: * see comment regarding operating income located on page 12 of the Management's Discussion and Analysis

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kenneth M. Bagan (1) (2)
President and Chief Executive Officer
Wellco Energy Services Trust

Gary R. Bugeaud (2)
Partner, Burnet, Duckworth & Palmer LLP

Murray L. Cobbe
President and Chief Executive Officer

Donald R. Luft
Senior Vice President, Operations and Chief Operating Officer

Douglas F. Robinson (1) (2)
President and Chief Executive Officer
Enerchem International Inc.

Victor J. Stobbe (1)
Vice President, Corporate Affairs
Wave Energy Ltd.

OFFICERS

Murray L. Cobbe
President and Chief Executive Officer

Donald R. Luft
Senior Vice President, Operations and Chief Operating Officer

Michael G. Kelly, C.A.
Vice President, Finance and Administration and Chief Financial Officer

Dale M. Dusterhoft
Vice President, Technical Services

David L. Charlton
Vice President, Sales and Marketing

Jeromie J. Kufflick, C.A.
Corporate Controller

Bonita M. Croft
General Counsel and Corporate Secretary

James P. Bonyai, C.A.
Treasurer

(1) Member of the Audit Committee
(2) Member of the Compensation and Corporate Governance Committee

CORPORATE OFFICE

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Calgary, Alberta

SOLICITORS

Burnet, Duckworth & Palmer LLP
Calgary, Alberta

BANKERS

Royal Bank of Canada
Calgary, Alberta

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
Calgary, Alberta

STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Trading Symbol: TCW

INVESTOR RELATIONS INFORMATION

Requests for information should be directed to:

Murray L. Cobbe
President and Chief Executive Officer

Michael G. Kelly, C.A.
Vice President, Finance and Administration and Chief Financial Officer

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